Interim Evaluation of ESF Objective 3, 1994 - 1996

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Interim Evaluation of ESF Objective 3, 1994-1996

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EXECUTIVE SUMMARY

INTRODUCTION

Pieda was commissioned by the Department for Education and Employment (DfEE) to undertake an interim evaluation of the 1994-96 European Social Fund (ESF) Objective 3 programme for Great Britain.

The Objective 3 programme is partly financed by the ESF and is intended to support national efforts to tackle the problems of labour market disadvantage and improve the operation of the labour market. In particular, the aim of Objective 3 is to combat long term unemployment and to facilitate the integration into working life of young people and persons facing exclusion from the labour market.

The 1994-96 programme had four priorities:

* **Priority 1**: combating long term unemployment (with particular emphasis on those unemployed over 12 months);

* **Priority 2**: integrating young people (up to the age of 25) into working life;

* **Priority 3**: integration into working life of those exposed to exclusion from the labour market through targeted action under Priority 1 but with specialised help for target groups; and

* **Priority 4**: the promotion of equal opportunities for men and women with emphasis on women returning to work and occupations in which men or women are under-represented.

PERFORMANCE

The total cost of ESF co-funded projects in 1994 and 1995 was £935.8 million and £1,031.8 million respectively. The ESF contribution was £350.5 million in 1994 and £381 million in 1995. In 1994 and 1995 the number of beneficiaries of the programme was, at 1.7 million, far higher than forecast in the SPD. Priorities 1 and 3 exceeded their indicative targets by far more than Priority 2 while Priority 4 fell slightly short of its indicative target. This occurred against a background of steady growth in GDP and a downward trend in unemployment, although in October 1996 there were still 1.9 million claimant unemployed

As expenditure on the programme has been no higher than planned, the financial performance indicators are almost all very favourable with the cost per beneficiary and per person gaining employment lower than in the previous Objective 3 programme. By these measures, the Objective 3 programme has progressed far beyond the level of activity which was forecast in the SPD.

In terms of positive outcomes (especially employment) Priority 2 was by far the most successful priority with both completers and early leavers having a high proportion of positive outcomes. However, this may be related to a more favourable labour market context for younger people with the number of unemployed young people declining faster than overall unemployment.

VALUE ADDED

The evidence suggests that significant positive value added is associated with the programme and that unemployment among participants is lower than would be the case if the participants had not undertaken the particular project. Training for young people (Priority 2) has been particularly effective with both completers and early leavers showing high levels of positive outcomes. It is estimated that for every 100 young people on a training course, unemployment **among those participants** is reduced in the immediate aftermath by 15-35 people. This is not to say that an equivalent **net** reduction in unemployment has been achieved - some of the programme beneficiaries will have **displaced** people who would otherwise have secured employment.

In terms of positive outcomes, Priority 1 (the long term unemployed) has not performed as well as Priority 2. However, comparison of the labour market status for Objective 3 participants following the course with that of other long term unemployed people indicates that the programme participants have had better labour market outcomes. While the number and proportion of long term unemployed fell over 1994-96 they still account for a higher proportion of the unemployed than they did in 1991. The less favourable conditions applying to the long term unemployed must be taken into account when comparing priorities 1 and 2. Hence, value added may be greater for Priority 1.

The study showed that the characteristics of beneficiaries can significantly influence outcomes. In particular, ethnic minorities and people with disabilities have significantly poorer employment prospects than other people. It is therefore almost inevitable that projects aimed at these groups will have relatively low crude rates of positive outcomes. The study also indicated that length of course has a significant impact on employment prospects.

EARLY LEAVING

A survey of 233 completers and 177 early leavers was carried out. The survey results indicated that both completers and early leavers gained benefits from the courses - indeed very similar proportions of completers and early leavers achieved "positive" outcomes (employment or training) after leaving the course. However, completers appear to achieve greater benefits in the longer term in that 18 months after leaving the course, a far higher proportion of early leavers than completers were unemployed.

The difference between completers and early leavers in terms of positive outcomes was much greater among Priority 1 cases than in Priority 2. Indeed, early leavers from Priority 1 projects appear to gain little benefit in that their employment outcomes were found to be no better than those of a control group of the long term unemployed.

On average, early leavers left their courses approximately half way through. The main reasons for leaving early were to take up employment or because the course was not what they had expected. The proportion of early leavers with childcare responsibility is twice that for completers, but the survey results show that domestic reasons (i.e. childcare) do not account for all or most of the higher rate of early leaving among people with childcare responsibilities.

ADMINISTRATIVE AND FINANCIAL STRUCTURE

Overall, the administrative and financial structure of the programme worked fairly well but the slowness of the approval process can, ultimately, reduce the effectiveness of project delivery. The structure of the priorities has also led to some relatively minor problems, with disadvantaged groups and equal opportunities projects being distinguished from young people and the long-term unemployed although there is a considerable overlap between, in particular, young people, the long term unemployed and disadvantaged groups.

RECOMMENDATIONS

The following recommendations are made in relation to the future of the programme:

* the implementation of the SPD strategy should give careful consideration to the possible need for greater focus on more disadvantaged groups and areas;

* the operation of multi-annual funding as a means of avoiding underspends should be reconsidered;

* the simplified administrative structure of the new SPD should be used to reduce the apparent duplication of decisions and administrative procedures;

* efforts should be continued to speed up payments, particularly to voluntary groups; and

* the collection of monitoring and follow up data should be standardised.

1. INTRODUCTION AND STUDY BRIEF

INTRODUCTION

Pieda plc was commissioned by the Department for Education and Employment to carry out an interim evaluation of the 1994-96 European Social Fund Objective 3 programme for Great Britain.

The report is organised as follows:

* The aims of the Objective 3 programme and the study brief are detailed in this section;

* **Section 2** considers the economic context within which the programme has operated and within which the next programme will operate;

* **Section 3** analyses the performance of the programme against indicative targets set out in the Single Programme Document (SPD) and specified in the brief;

* **Section 4** draws on various elements of analysis to assess the net impact of the programme on participants and the interaction between the programme and participant characteristics;

* **Section 5** details the results of a survey of completers and early leavers and assesses the extent to which early leavers benefit from courses;

* **Section 6** discusses the management and delivery of the programme including the administrative and financial systems;

* **Section 7** sets out overall conclusions and recommendations.

AIMS OF THE OBJECTIVE 3 PROGRAMME

The Objective 3 programme is partly financed by the European Social Fund and is intended to support national efforts to tackle the problems of labour market disadvantage and improve the operation of the labour market. The specific objectives of the European Social Fund are, for particular target groups, to:

* improve the skills base of the labour force with appropriate skills;

* to improve the skills of unemployed people and enable them to become entrepreneurs and to join small and medium sized enterprises;

* to improve the probability of employment of target group members;

* to increase the number and durability of entrepreneurs, self employment and people in small and medium sized enterprises.

The specific task assigned to Objective 3 is to combat long term unemployment and to facilitate the integration into working life of young people and of persons facing exclusion from the labour market. In the context of Great Britain, this aim has been translated into a focus on the problem of long term unemployment, the difficulties some young people have in gaining access to the labour market and the employment problems of people with disabilities, single parents, ethnic minority groups, ex-offenders, people with literacy and numeracy difficulties, people living in particular communities (e.g. inner cities) and parts of the country (e.g. isolated rural areas), homeless and those targeted by the promotion of equal opportunities.

There is an obvious overlap between the issues of long term unemployment and the problems of groups facing exclusion from the labour market since those who face exclusion are likely to suffer long term unemployment. In recognition of this, the Objective 3 programme targets, under different priorities, those who have been unemployed for a long time and those whose characteristics expose them to the risk of unemployment (but who need not have suffered long term unemployment).

Following from the above aims, the Objective 3 1994-96 programme had four priorities or pathways:

* **Priority 1:** combating long term unemployment (with particular emphasis on those unemployed over 12 months);

* **Priority 2:** integrating young people (up to the age of 25) into working life;

* **Priority 3:** integration into working life of those exposed to exclusion from the labour market through targeted action as under Priority 1 but with specialised help for target groups;

* **Priority 4:** the promotion of equal opportunities for men and women with emphasis on women returning to work and occupations in which men or women are under-represented.

Within each pathway there were three types of measure:

* **Measure 1: Choice and Access** - this involves advice, guidance and certain types of "foundation" training, e.g. in literacy;

* **Measure 2: Training:** - this involves formal vocational training at a wide range of skill levels;

* **Measure 3: Direct Help into Jobs:** this involves various forms of employment subsidy.

Each priority had its own project selection criteria and targets for impact assessment. These are considered where appropriate below.

STUDY BRIEF

The basic aim of the evaluation was to provide the means by which informed judgment could be made concerning the effectiveness and efficiency of the programme in meeting its objectives and to assess the extent to which the programme's administrative arrangements contributed to the smooth running of the programme. The evaluation was also to consider whether the initial strategy for the programme, as set out in the Single Programme Document, remained valid.

The study brief specified a series of tasks which were to be carried out. These tasks were as follows:

* to analyse the recent and prospective performance of the British economy and to assess the implications for programme indicators;

* to evaluate the effectiveness, efficiency and value added of the programme through the analysis of monitoring data and other survey data;

* to evaluate the state of implementation of the programme against the original SPD;

* to undertake an econometric analysis of beneficiary characteristics;

* to analyse reasons for early departure from programmes and establish whether early leaving is a positive, negative or neutral phenomenon so far as programme objectives are concerned;

* to assess the quality of assistance and advice given to participants;

* to review progress made in the implementation of past recommendations;

* to examine the impact of the administrative and financial channels on the delivery of the programme;

* to make recommendations for the new programming period and to highlight required changes in the evaluation system.

STUDY METHOD

The study has followed the various tasks outlined above and has involved, in particular, the following elements of work:

1. analysis of recent economic performance and forecasts for the UK economy;

2. detailed analysis of monitoring data and calculation of performance measures;

3. construction of "control groups " from the JUVOS data base and comparison of the employment experience of control group members with that of Objective 3 participants;

4. econometric analysis of data from surveys of leavers;

5. a survey of 410 people who had undertaken training courses supported under Objective 3 (Measure 2) and including both completers and early leavers;

6. consultations with policy makers and sector co-ordinators.

2. ANALYSIS OF BRITISH ECONOMIC PERFORMANCE AND FORECASTS

INTRODUCTION

This chapter presents an overview of the economic and social trends in the British Economy over the Objective 3 programme period 1994-96 and to the end of the century. This analysis is important in that it provides the economic and social context within which the programme operated.

The analysis focuses on the client group targeted under Objective 3, that is the long term unemployed, young people aged 25 or less and those at risk of exclusion from the labour market.

The analysis begins by examining the demographic trends in Great Britain to the year 2000, then considers the recent and prospective growth of the economy, as a whole, and for Great Britain regions as measured by GDP and levels of employment. The level and trends in unemployment are analysed by region and by client groups.

POPULATION

Population estimates for 1995 and projections to 2001 for Great Britain by country are shown in Table 2.1. In 1995, the latest year for which population estimates are available, there were 57 million residents in Great Britain.

Over 1995-2001 the population of Great Britain is expected to grow modestly by 0.8 million, i.e. by 1.5%, to 57.8 million. There will be a very slight reduction in the population of Scotland and modest growth of 0.7% in Wales.

Table 2.2 shows population estimates and projections by country and by broad age group. These show that, over 1995-2001:

* the total population in Great Britain, under 18, is expected to grow slightly by 0.6% , while the population of working age is expected to grow by 2.2% and the number of pensioners is expected to grow by 0.4%;

* population growth in England will follow a similar pattern;

* however in Scotland, where little population growth overall is expected, the projections show that the population aged under 18 will **fall** by 2.8% and the population of working age will only grow by 0.6%;

* in Wales the population of working age is expected to grow by 1.4%, less than the Great Britain average.

Table 2.1
Population Estimates and Projections by Country(Thousands)

	1991	1995	2001	% Change 19952001
England	48,208	48,903	49,724	1.7
Wales	2,891	2,917	2,937	0.7
Scotland	5,107	5,137	5,135	-0.04
Great Britain	56,206	56,957	57,796	1.5

Source: Annual Abstract of Statistics, 1997

OUTPUT

The development of the UK economy over recent years has been characterised by steady growth of GDP. Table 2.3 provides details of recent growth in GDP at the regional level and regional growth forecasts. These have been prepared by Cambridge Econometrics, one of the leading forecasting organisations.

Following strong output growth of 3.4% in the UK in 1994, there was a slowdown in 1995 to 2.4% mainly due to declining exports. This had a differential impact on manufacturing output in the regions, with some of the largest slowdowns in growth estimated in regions where growth was among the highest in 1994, notably in the North, the East Midlands and Scotland. On the whole the best perforrning regions in 1995 were in the South.

Table 2.2

Population Estimates and Projections by Broad Region and by Age Group

	1994			2001			% Change 1994-2001		
	Under 18	Working Age	Pensionable Age	Under 18	Working Age	Pensionable Age	Under 18	Working Age	Pensionable Age
England	11,186	28,808	8,909	11,303	29,489	8,932	1.0	2.4	0.3
Wales	675	1,661	581	663	1,685	589	-1.8	1.4	1.4
Scotland	1,158	3,065	914	1,126	3,082	927	-2.8	0.6	1.4
Great Britain	13,019	33,534	10,404	13,092	34,256	10,448	0.6	2.2	0.4

Source: Annual Abstract of Statistics, 1997

The Cambridge Econometrics forecast shows national economic growth falling in 1996 to 2.1% but rising to 3.2% in 1997. Over 1995-2000, the average annual growth rate forecast by Cambridge Econometrics for the UK was 2.6%. Other recent forecasts have tended to be above this level. Thus the December 1996 forecast produced by the OECD indicates that the British economy will have grown by 2.4% in 1996 rising to 3.3% in 1997 and 3.0% in 1998. HM Treasury reviewed independent forecasts for the UK economy in December 1996 and reported that the mean growth prediction for 1997 from recent forecasts was 3.5%. For the period to the end of this century, the British economy now appears likely to grow at a rate which, by historical standards, will be relatively high.

According to Cambridge Econometrics, the four fastest growing regions will be East Anglia, the South West, the East Midlands and Wales. Following a period in which Scotland grew faster than the national average, its economy is predicted to be one of the slower growing regional economies. The North West, Yorkshire and Humberside and the North are also expected to experience growth rates below the national average. In the long term, the prospects will be better for the regions in the south. In recent years there has been a narrowing of regional differences in economic performance, but the forecast growth rates suggest that it is the regions of the South which will experience higher growth in the period to the year 2000. However, the divergence which is forecast in growth rates is narrow by the standards of the more distant past. It is also important to note disparities within regions will generally be greater than disparities between regions.

Table 2.3
GDP Estimates and Projections by Region 1994-2000
(% per annum)

	1994	1995	1996	1997	1995-20
South East	3.5	2.5	2.1	3.2	2.6
Greater London	3.4	2.9	2.5	3	2.6
Rest of the SE	3.6	2.2	1.9	3.3	2.7
East Anglia	4.3	3	2.7	3.4	3.1
South West	3.9	2.7	2.5	3.4	2.9
West Midlands	2.4	2.9	1.9	3.3	2.6
East Midlands	3	1.8	2.3	3.4	2.8
Yorks & Humbs.	2.7	2.4	1.7	3	2.4
North West	3.2	2.1	1.6	2.9	2.1
North	2.8	2.6	2.	3.1	2.5
Wales	4.3	2.2	2..	3.3	2.8
Scotland	4.3	2.1	2.1	2.8	2.4
N. Ireland	4.1	2.5	2.2	3	2.3
United Kingdom	3.4	2.4	2.1	3.2	2.6

Source: Office for National Statistics and Cambridge Econometrics

In 1995 a total of 21.438 million persons were in employment in GB. This compares to 21.576 million in 1991 (a reduction of 0.6%) and 21.105 million in 1993 (an increase of 1.6%). Hence, there has been strong recovery in employment since 1993.

Table 2.4 shows employment in Great Britain by Region. Over the period 1993 to 1995 employment levels were increasing in Great Britain although the 1995 employment level is still below that of 1991. In particular:

* the increase in employment was most marked in the South East, the Midlands, and Yorkshire and Humberside where growth was above the national average; and

* the North West, Northern Region and Wales have experienced falling employment over 1993-95.

Table 2.5 shows the change in employment levels in Great Britain by industry and by gender. Over 1993-95:

* female employment increased by slightly more over 1993-95 than male employment (1.7% compared to 1.5%);

* there was a marked decline in employment in the energy and water industries, with smaller declines in construction and transport and communications; and

* there was some growth in service sector employment, particularly in banking, finance and insurance.

Table 2.6 shows the numbers employed in each region by industry for 1995.

Table 2.4

Employment by Region 1991-1995 (Thousands)

Region	1991	1993	1995	% Change 93-95
South East	7217.4	6993.7	7149.9	2.2
East Anglia	786.8	785.8	794.6	1.1
South West	1714.3	1711.6	1741.7	1.8
West Midlands	2034.7	1959.2	2018.4	3.0
East Midlands	1527.5	1496.6	1546.7	3.3
Yorkshire and Humberside	1855.6	1833.5	1874.4	2.2
North West	2372.9	2322.5	2321.8	-0.03
Northern	1099.0	1070.8	1046.5	-2.3
Wales	963.9	959.3	945.7	-1.4
Scotland	2004.0	1972.4	1998.6	1.3
Great Britain	21575.9	21105.3	21438.3	1.6

Source: Office for National Statistics

Table 2.5
Great Britain Employment by Industry and by Gender 1993-1995
(Thousands)

	1993	1995	% change
All Persons			
1 Agriculture and fishing	327.8	279.9	-14.6
2 Energy and water	283.3	228.8	-19.2
3 Manufacturing	3818.1	3944.7	3.3
4 Construction	841.8	808.8	-3.9
5 Distribution, hotels and restaurants	4698.2	4828.2	2.8
6 Transport and communications	1298.8	1280.0	-1.4
7 Banking, finance and insurance, etc.	3434.2	3656.7	6.5
8 Public administration, education & health	5452.7	5480.7	0.5
9 Other services	950.4	930.5	2.1
Total	21105.3	21438.3	1.6
Males			
1 Agriculture and fishing	238.2	218.5	-8.3
2 Energy and water	228.2	183.2	-19.7
3 Manufacturing	2668.2	2800.2	4.9
4 Construction	708.5	679.1	-4.1
5 Distribution, hotels and restaurants	2135.4	2183.8	2.3
6 Transport and communications	956.2	959.1	0.3
7 Banking, finance and insurance, etc.	1692.1	1759.8	4.0
8 Public administration, education & health	1649.5	1656.8	0.4
9 Other services	438.6	430.1	-1.9
Total	10715.0	10870.6	1.5
Females			
1 Agriculture and fishing	89.6	61.4	-31.5
2 Energy and water	55.1	45.6	-17.2
3 Manufacturing	1149.9	1144.5	-0.5
4 Construction	133.2	129.7	-2.6
5 Distribution, hotels and restaurants	2562.8	2644.5	3.2
6 Transport and communications	342.7	320.9	-6.4
7 Banking, finance and insurance, etc.	1742.1	1896.9	8.9
8 Public administration, education & health	3803.2	3823.9	0.5
9 Other services	511.8	500.3	-2.2
Total	10390.3	10567.7	1.7

Source: Office for National Statistics

Table 2.6
Employment by Industry and by Region 1995 (Thousands)

	South East	East Anglia	South West	West Midlands	East Midlands	Yorkshire & Humberside	North West	Northern	Wales	Scotland	Great Britain
1 Agriculture and fishing	58.3	26.5	37.3	24.7	25.1	21.6	17.0	11.2	19.0	39.2	279.9
2 Energy and water	51.7	10.6	24.1	19.9	19.2	19.1	18.9	12.7	14.3	38.3	228.8
3 Manufacturing	883.0	157.4	300.3	542.9	406.2	404.1	491.1	232.8	208.4	318.7	3944.7
4 Construction	212.4	26.4	59.2	73.1	54.3	80.9	89.1	54.2	36.9	122.2	808.8
5 Distribution, hotels and restaurants	1649.0	176.7	424.1	436.8	339.8	436.6	513.7	214.0	196.2	441.4	4828.2
6 Transport and communications	519.8	55.5	84.3	97.2	77.3	105.8	136.8	51.8	42.2	109.3	1280.0
7 Banking, finance and insurance, etc.	1704.4	115.6	270.3	275.9	182.0	253.4	347.1	115.1	99.7	293.1	3656.7
8 Public administration, education & health	1718.9	196.1	475.4	474.0	338.5	479.5	609.5	306.2	287.1	545.5	5480.7
9 Other services	352.3	29.7	66.9	74.0	54.4	73.3	98.7	48.4	42.0	91.0	930.5
Total	7149.9	794.6	1741.7	2018.4	1546.7	1874.4	2321.8	1046.5	945.7	1998.6	21438.3

Source: Office for National Statistics

SELF EMPLOYMENT

The most accurate data on self-employment are contained in the Census of Population. However, these data are now several years out of date. Therefore, the analysis has focused on the self-employment data from the Labour Force Survey (LFS) which, although more recent than the Census, is considered to be less reliable.

Table 2.7 shows the level of self-employment recorded by the LFS over 1991-96. In 1996 there were almost 3.3 million self-employed persons, the majority of which were male (75% in 1996). Over 1994-96, there has been a slight increase (0.7%) in the level of self-employment, although the number is still less than at the beginning of the decade.

Table 2.7
Great Britain Self Employment 1991-96 (Thousands)

	Males	Females	Total
1991	2535	784	3318
1992	2320	768	3088
1993	2349	795	3143
1994	2462	807	3269
1995	2454	793	3247
1996	2464	827	3291

Source Office for National Statistics

EMPLOYMENT TRENDS OVER 1994-96 AND TO 2000

Estimates of employment in recent years are available from employer based surveys, and forecasts of employment at a regional level are available from Cambridge Econometrics. Estimates of total employment (includes employees in employment and the self employed) from 1994 and forecasts to 2000 are presented in Table 2.8. The general picture from 1994 to 2000 is of steady **increases** in employment levels which broadly reflects the growth in output discussed above. Indeed, to the extent that growth proves, as is likely, to be faster than predicted by Cambridge Econometrics, employment growth will be slightly faster than indicated below.

The Cambridge Econometrics forecasts as shown in Table 2.8 indicate the following:

* employment growth is expected to slow in 1996 to 0.5% across all regions and accelerate in 1997 to 0.9%;

* the increase in employment levels is expected to continue to the end of the century, employment is expected to grow by an average 0.9% per annum over 1995-2000;

* East Anglia will experience the fastest employment growth of all the regions reflecting its strong output performance;

* Employment growth will also be above the national average in the East Midlands and the South West;

* Scotland, Wales, Yorkshire and Humberside and the North West will experience some actual decline in employment levels in 1996 and lower than average employment growth to the end of the century.

Table 2.8 Employment Estimates and Projections by Region 1994-2000 (Thousands)					
	1994	**1995**	**1996**	**1997**	**2000**
South East	8278	8374	8423	8495	8739
East Anglia	957	986	1008	1027	1079
South West	2131	2184	2208	2236	2313
West Midlands	2216	2264	2274	2285	2340
East Midlands	1747	1754	1781	1799	1876
Yorks & Humb	2086	2128	2115	2139	2220
North West	2579	2579	2576	2598	2653
North	1196	1225	1239	1254	1289
Wales	1154	1146	1137	1141	1175
Scotland	2211	2200	2198	2217	2259
N Ireland	651	660	665	671	682
United Kingdom	**25208**	**25500**	**25625**	**25861**	**26625**
per cent per annum)					
	1994	**1995**	**1996**	**1997**	**1995-2000**
South East	0.8	1.2	0.6	0.8	0.9
East Anglia	1	3	2.3	1.9	1.8
South West	1.7	2.5	1.1	1.2	1.2
West Midlands	-1.2	2.2	0.4	0.5	0.7
East Midlands	2.2	0.4	1.5	1	1.4
Yorks & Humb	-0.1	2	-0.6	1.1	0.8
North West	-1.6	0	-0.1	0.9	0.6
North	0.7	2.4	1.2	1.2	1
Wales	3.4	-0.8	-0.7	0.3	0.5
Scotland	0.2	-0.5	-0.1	0.8	0.5
N Ireland	1.4	1.4	0.6	0.9	0.7
United Kingdom	**0.5**	**1.2**	**0.5**	**0.9**	**0.9**
Source: Cambridge Econometrics					

CLAIMANT UNEMPLOYMENT

Table 2.9 shows claimant unemployment levels and rates in Great Britain from 1991 to 1996 using seasonally adjusted data. The total claimant unemployment rate in Great Britain peaked at 10.0% in 1992 and 1993 and has since been on a downward trend. The most recent figures (December 1996) show that claimant unemployment has fallen to 6.9% after the largest monthly fall since records began.

The claimant unemployment rate for men was 9.7% in 1996, more than twice the rate of female claimant unemployment of 3.7%. This disparity **might** be taken to indicate that the male "client groups" for most Objective 3 programmes is greater than the female client group. However, there are reasons to believe that women are less likely than men to be registered as unemployed when out of work.

Table 2.9
Great Britain: Claimant Unemployment 1991-96, Seasonally Adjusted

	Numbers (thousands)			Rate (%)		
	All	**Male**	**Female**	**All**	**Male**	**Female**
Oct-91	2382.1	1811.7	570.4	8.6	11.4	4.8
Oct-92	2761.3	2118.5	642.8	10.0	13.4	5.4
Oct-93	2743.0	2104.1	638.9	10.0	13.5	5.4
Oct-94	2414.4	1844.18	570.3	8.8	12.0	4.8
Oct-95	2178.2	1657.1	521.1	8.0	10.9	4.3
Oct-96	1942.8	1474.0	468.8	7.1	9.7	3.9

Source: Office for National Statistics

CLAIMANT UNEMPLOYMENT BY REGION

The number of claimant unemployed persons, the rate of claimant unemployment by region, and the change over 1994-96, is given in Table 2.10. There were considerable disparities in the claimant unemployment rate by region, ranging from 6.4% in East Anglia to 11% in the Northern region in 1994.

Claimant unemployment did fall across all regions over 1994-96 but there was a considerable difference in the performance by region. The fall in claimant unemployment was particularly marked in the South East, the South West and the Midlands. In contrast the proportional fall in claimant unemployment in Scotland and Wales, 14.3% and 12.7% respectively, was much less than the national average of 19.5%.

The Rest of the South East had, in October 1996, the lowest regional claimant unemployment rate at 5.3%. The Northern region had the highest claimant unemployment rate at 9.1%. As a consequence of their smaller percentage reductions in the claimant unemployed over 1994-96, Scotland and Wales each had claimant unemployment rates (7.8% and 7.9%) slightly above the national average in 1996 - which compares unfavourably with their position in 1994 when they were in line with the national average.

Table 2.10
Claimant Unemployment by Region 1994-1996

Region	October 1994		October 1996		% Change in Numbers Unemployed 1994-96
	Number (Thousands)	Rate (%)	Number (Thousands)	Rate (%)	
South East:					
London	419.1	10.3	344.8	8.5	-17.7
Rest of South East	366.6	7.2	270.7	5.3	-26.2
East Anglia	70.0	6.7	58.4	5.5	-16.6
South West	181.0	7.7	139.8	5.9	-22.8
West Midlands	232.6	9.4	179.5	7.2	-22.8
East Midlands	161.6	8.4	126.5	6.6	-21.7
Yorkshire and Humberside	217.6	9.3	183.1	7.8	-15.6
North West	275.4	9.5	225.5	7.9	-18.1
Northern	155.2	11.3	126.6	9.1	-18.4
Wales	113.8	8.8	99.3	7.9	-12.7
Scotland	220.4	8.9	188.9	7.8	-14.3
Great Britain	2414.4	8.8	1942.8	7.1	-19.5

Source: Office for National Statistics

Table 2.11 shows the numbers and rate of claimant unemployment by region for males and females for October 1996. These data generally reflect the patterns in claimant unemployment by region and gender already discussed. In particular it can be seen that the lowest recorded rates of unemployment were in the southern part of the country with higher rates in the North, the North West, Scotland and Wales. Despite a considerable narrowing of regional unemployment disparities over the last decade or so, claimant unemployment is generally higher in the more northerly regions than in the south. It is also important to note the relatively high level of claimant unemployment in London.

Table 2.11
Claimant Unemployment by Region and by Gender
October 1996

	Number (thousands)		Rate (%)	
	Male	**Female**	**Male**	**Female**
South East:				
London	254.2	90.6	11.1	5.1
Rest of South East	203.3	67.4	7.2	3.0
East Anglia	43.4	15.0	7.5	3.1
South West	104.3	35.5	7.9	3.4
West Midlands	135.3	44.2	9.5	4.1
East Midlands	95.6	30.9	8.9	3.7
Yorkshire and Humberside	141.3	41.8	10.7	4.0
North West	175.3	50.2	11.0	4.0
Northern	99.9	26.7	12.7	4.4
Wales	76.7	22.6	10.8	4.1
Scotland	145.0	43.9	10.7	4.1
Great Britain	1,474.0	468.8	9.7	3.9

Source: Office for National Statistics

CLAIMANT UNEMPLOYMENT BY DURATION

Table 2.12 provides an analysis of claimant unemployment by duration and by gender from October 1991 to October 1996. This provides a useful analysis of the trend in long-term claimant unemployment, defined as those who are unemployed for more than 1 year, which is one of the key client groups identified in the SPD. The SPD noted (p25) that "long term unemployment, both in terms of actual numbers and as a proportion of claimant unemployment, will continue to rise during the next few years". However, neither of these predictions has been borne out.

The analysis, in Table 2.12, shows that long-term claimant unemployment levels peaked in 1993 and actually experienced a **fall** over the 1994 to 1996 period. In 1991, the long term claimant unemployed accounted for 25.9% of the claimant unemployed. This share rose to 37.7% in 1993 and has since declined slightly to 36.9% in 1996. In 1993, 40.9% of claimant unemployed males were long term claimant unemployed while 27.5% of claimant unemployed females were long term claimant unemployed. These percentages have also improved marginally over the years to 1996.

While the actual number of long term claimant unemployed and their proportion of total claimant unemployment have fallen over 1994-96, they still account for a higher proportion of the claimant unemployed than at the beginning of the decade.

Table 2.12
Great Britain Claimant Unemployment by Duration and by Gender 1991-1996
(Thousands)

	Oct-91	Oct-92	Oct-93	Oct-94	Oct-95	Oct-96	% change 1994-96
All Persons	**2324.6**	**2708.0**	**2690.7**	**2361.6**	**2126.8**	**1895.7**	**-19.7**
Up to 26 weeks	1188.4	1258.1	1167.8	1029.6	957.3	841.6	-18.3
26-52 weeks	532.5	549.1	508.5	428.6	391.1	355.2	-17.1
more than 1 year	603.7	900.8	1014.4	903.4	778.4	698.9	-22.6
Male	**1762.5**	**2070.6**	**2056.6**	**1795.8**	**1609.8**	**1429.8**	**-20.4**
Up to 26 weeks	856.3	903.2	832.2	730.4	677.5	593.1	-18.8
26-52 weeks	414.4	422.5	384	321.3	294.2	265.5	-17.4
more than 1 year	491.8	744.9	840.4	744.1	638.1	571.2	-23.2
Female	**561.9**	**637.3**	**634.2**	**565.8**	**517**	**465.8**	**-17.7**
Up to 26 weeks	332.0	354.8	335.6	299.2	279.8	248.4	-17.0
26-52 weeks	118.0	126.6	124.5	107.3	96.9	89.7	-16.4
more than 1 year	111.9	155.9	174.1	159.3	140.3	127.7	-19.8

Source: Office for National Statistics

YOUTH UNEMPLOYMENT

Table 2.13 shows the historical trend in the claimant unemployment levels of another client group identified in the SPD, namely, young people aged 25 or less. The level of claimant unemployment among these young people peaked at 804,300 (29.7% of total claimant unemployment) in 1992 and then declined over the period to 504,300 in 1996, (a reduction of 24%).

In 1991, young people accounted for 30.5% of claimant unemployed persons and this share has gradually declined to 26.6% in 1996. Over 1994-96, the number of claimant unemployed young people declined faster than overall claimant unemployment. Nonetheless, young people still account for a large proportion of the claimant unemployed. In 1996, 34% of claimant unemployed females and 24.2% of claimant unemployed males, are aged 25 or less.

Table 2.14 shows the rates of claimant unemployment for those aged under 25 and aged over 25. These are calculated using Labour Force Survey estimates of the economically active in each age group. Over 1994-96 the rate of claimant youth unemployment has fallen by 25% to a rate of 10.6% on October 1996. The equivalent figures for those aged over 25 are a reduction of 21% to take the rate to 5.8% in October 1996. It is however, still the case that the claimant youth unemployment rate is almost twice the rate for persons aged over 25.

Table 2.13
Great Britain Claimant Unemployment by Age and by Gender
1991-1996 (Thousands)

	Oct-91	Oct-92	Oct-93	Oct-94	Oct-95	Oct-96	% change 94-96
All	**2324.5**	**2708.0**	**2690.7**	**2361.6**	**2126.8**	**1895.7**	**-19.7**
Under 25	709.0	804.3	764.8	662.8	589.7	504.3	-23.9
Over 25	1615.5	1903.6	1925.9	1698.7	1537	1355.4	-20.2
Male	**1762.6**	**2070.6**	**2056.5**	**1795.8**	**1609.8**	**1429.8**	**-20.4**
Under 25	495.3	563.3	534.6	457.4	404.2	345.9	-24.4
Over 25	1267.3	1505.3	1522.0	1338.4	1205.5	1083.9	-19.0
Female	**562.0**	**637.4**	**634.2**	**565.8**	**517.0**	**465.8**	**-17.7**
Under 25	213.7	239	230.3	205.4	185.5	158.4	-22.9
Over 25	348.2	398.3	403.9	360.3	331.5	307.4	-14.7

Source: Office for National Statistics

Table 2.14
Claimant Unemployment Rates by Age

	Under 25	Over 25
Oct 92	15.6	8.3
Oct 93	15.6	8.4
Oct 94	14.2	7.3
Oct 95	12.7	6.8
Oct 96	10.6	5.8

Notes: The unemployment rates are estimated using claimant unemployed from Table 2.13 and economically active from the Labour Force Survey.

UNEMPLOYMENT BY ETHNIC GROUP

Ethnic minorities are another client group, identified in the SPD, for which unemployment data are available. Table 2.15 shows the ILO (International Labour Organisation) unemployment rate in Great Britain by Ethnic Origin in 1994/95 taken from the Labour Force Survey.

The unemployment rate of ethnic minority people as a whole is more than double that of white people. During 1995, the unemployment rate of white people averaged 8% and that for ethnic minority populations 19%. Unemployment was particularly high among the Bangladeshi and black African populations.

Table 2.15
Great Britain Unemployment by Ethnic Origin
(Average over Winter 1994/95 to Autumn 1995)

	ILO unemployment Rate
ALL	
All other[a]	8.7
White	8.2
All Ethnic	18.7
Black Caribbean	20.8
Black African	29.8
Black Other	*
Indian	11.7
Pakistani	24.5
Bangladeshi	40.3
Chinese	*
Other	17.1
Men	
All other	10.1
White	9.5
All Ethnic	19.9
Black Caribbean	23.3
Black African	30.8
Black Other	*
Indian	12.4
Pakistani	25.1
Bangladeshi	37.1
Chinese	*
Other	17.9
Women	
All other	6.9
White	6.4
All Ethnic	17.0
Black Caribbean	18.3
Black African	28.8
Black Other	*
Indian	10.9
Pakistani	*
Bangladeshi	*
Chinese	*
Other	16.1

Source: Labour Force Survey, Labour Market Trends July 1996
* Less than 10,000 in cell: estimate not shown
a Includes those who did not state their origin

UNEMPLOYMENT AMONGST PEOPLE WITH DISABILITIES OR LONG-TERM HEALTH PROBLEMS

The LFS also includes information on people who are restricted in their work by long-term health problems or disabilities. In winter 1995/96 there were 3.9 million people in this category. The ILO unemployment rate for these people was:

* Males: 33.7%
* Females: 17.4%
* Total: 26.9%

Hence, the male and the total rates of unemployment for people with disabilities are more than three times the national rate of unemployment. For females with disabilities, the situation is even worse with the rate (17.4%) being more than four times higher than the average rate of female unemployment.

UNEMPLOYMENT FORECASTS

Forecasts of the numbers of unemployed persons and unemployment rates by region, prepared by Cambridge Econometrics are presented in Table 2.16. These forecasts have already been overtaken by events as the unemployment rate has fallen (December 1996) to 6.9%. It should be said, however, that the fall in the rate may have been accelerated by a "one off" factor, the introduction of the Jobseekers Allowance. In any case, the scale and direction of change are more important than are the specific figures. Regional prospects reflect the expected economic growth and employment patterns discussed above. By the year 2000, unemployment is expected to be lowest in East Anglia at 4.4% and highest in the Northern region at 8.4%.

Table 2.16
Estimates and Projections of Unemployment by Region
(thousands)

	1996	1997	2000
South East	643	630	539
East Anglia	59	56	50
South West	146	138	123
West Midlands	186	186	169
East Midlands	133	131	118
Yorks & Humb	188	180	160
North West	229	225	200
North	134	131	119
Wales	100	94	83
Scotland	186	177	157
N Ireland	81	80	75
United Kingdom	**2085**	**2027**	**1794**
(per cent of workforce)			
	1996	**1997**	**2000**
South East	7.1	6.9	5.8
East Anglia	5.5	5.1	4.4
South West	6.2	5.8	5
West Midlands	7.5	7.5	6.7
East Midlands	6.9	6.7	5.9
Yorks & Humb	8.1	7.7	6.7
North West	8.1	7.9	7
North	9.6	9.3	8.4
Wales	8	7.6	6.6
Scotland	7.7	7.3	6.5
N Ireland	10.7	10.5	9.8
United Kingdom	**7.5**	**7.2**	**6.3**

Source: Cambridge Econometrics

IMPLICATIONS FOR THE SPD

The SPD for the 1994-96 Objective 3 programme contained a detailed analysis of the British labour market which remains valid in many respects. The analysis set out in that document will not be repeated in detail here but the key points are highlighted:

a) the Single Programme Document argued that the demand for skills would continue to shift in favour of higher skilled and non-manual employment and away from craft and manual occupations. Sales and personal service jobs were also expected to expand in number;

b) the document noted the recent fall in unemployment (1992-93) but argued that unemployment was likely to continue to be a problem for many years;

c) long term unemployment was expected to continue to grow relative to unemployment in total;

d) the problems of youth unemployment were not considered to be improving;

e) unemployment among women was noted to be lower than for men;

f) regional unemployment differences were noted to have narrowed, though it was considered that the problems of regions such as Scotland and Wales had not been eliminated;

g) the existence of high unemployment in particular localities was noted; and

h) the document noted the existence of acute labour market disadvantage among various groups including ethnic minorities, single parents and ex-offenders.

Of the points listed above, points a), e), g) and h) stand largely unaltered. Recent trends suggest that point b) could be reinforced - claimant unemployment has continued to fall, but there are still some 1.9 million claimant unemployed. There has been a relative and absolute fall in youth claimant unemployment over the last five years, compared to total unemployment. Within the youth cohort, there has been a reduction in the rate of unemployment, but youth unemployment is still almost twice the rate for persons aged over 25.

It is the case that claimant unemployment, including long term claimant unemployment has fallen faster than was expected when the SPD was drawn up. Moreover, the expectation is that the level of claimant unemployment will continue to fall.

The implications of these changes for the SPD targets are not simple. Moreover, as will be discussed below, the targets set for the 1994-96 programme were not generated by any econometric or statistical process such that one could calculate the expected impact of a lower or higher unemployment rate. The assessment of impact must, therefore, be qualitative.

For any client group a reduction in the level of unemployment below 'forecast' levels would be expected to **reduce** the number of people seeking programme assistance while **increasing** the prospects of a favourable outcome. The reduction in the size of the client group would only be likely to affect 'recruitment' to programmes if the projected 'throughput' represented a substantial proportion of the overall client group population and if the reduction in unemployment meant that the proportion of the population required to be recruited to the programme rose to a level which would be difficult to sustain.

It is quite evident from the data reported in the next section that there has been no real difficulty in recruiting eligible people for the projects. The "throughput" of beneficiaries has been higher than was forecast in the application forms. Thus, although long-term claimant unemployment was **lower** than had been forecast, the number of people assisted under Priority 1 was more than was forecast in the application forms. As noted above, claimant unemployment among young people fell over the period of the SPD but the Priority 2 projects still recruited more people than had been forecast.

It cannot be 'proved' that had the economic climate been less favourable then recruitment to the projects might have been higher still. Moreover, given that projects have had more beneficiaries than they anticipated, it is difficult to see how one could argue that developments in the economy had any impact on the recruitment of eligible trainees. It is also worth considering that the flows of the unemployed onto and off the unemployment register are very large relative to the stock and that many, though not all, of those who join the register are eligible for ESF projects.

The second main potential impact is, of course, on the probability of securing employment. The falling levels of claimant unemployment among younger people and the long-term unemployed imply that programme participants in these categories should have enjoyed a higher probability of securing employment than would have been the case had claimant unemployment not fallen.

However, most of the analysis of programme impact as set out in this report considers the outcomes for programme participants **relative** to those for all claimant unemployed people or seeks to establish the specific impact of the programme through survey data. For example, long-term claimant unemployment has fallen in recent years but it has fallen broadly in line with claimant unemployment as a whole so that there is no reason to argue that the job prospects of the long-term claimant unemployed have improved relative to other claimant unemployed people.

In the case of young people, the level of claimant unemployment appears to have fallen **relative** to claimant unemployment among other people. The rate of unemployment in the cohort has fallen by a greater proportion than the unemployment rate of people aged over 25 - though the difference is not **very** great. This needs to be borne in mind when considering the performance of Priority 2 relative to Priority 1 - labour market conditions would appear to have been more favourable for Priority 2.

It is possible, though uncertain, that improving economic performance will have least impact on the prospects of those facing exclusion from the labour market - e.g. young people with learning disabilities and those suffering discrimination. Improved economic performance may **widen** the gap between this group and the 'mainstream' as prospects improve for most people but do not improve for the most disadvantaged.

The study brief stated that the economic analysis would be used to control for 'economy wide' effects in interpreting programme indicators. This need for a 'control' would be most obvious if the evaluation was based upon a comparison of 1994-95 outcomes with those for previous years - in interpreting the results one would need to allow for changes in the economic climate between the periods considered.

Because of the approach taken to the evaluation, the need for this control is very limited. Conclusions drawn here rest mainly upon comparisons of outcomes for programme participants with the experience of other claimant unemployed people - both groups being subject to broadly the same labour market conditions - and on direct analysis of the impacts of programmes on individuals. In this context, the economic analysis provides background for the interpretation rather than a basis for quantitative adjustment.

So far as comparison of **indicative** (contained in the SPD) and **actual** outcomes is concerned, the comparison which can be made is based on the target and actual number of beneficiaries and the cost per beneficiary. As the actual number of beneficiaries has exceeded the indicative targets, it would appear that the impact of labour market conditions has not reduced the demand for assistance through the programme.

The main value of the economic analysis is in considering the overall balance of the programme and priorities for the future. In this regard, the analysis suggests that:

* long term claimant unemployment is declining but only in line with overall claimant unemployment and thus will continue to merit high priority;

* prospects for younger people appear to be improving in absolute and **relative** terms so that a case could be made for ensuring that resources are targeted on the most disadvantaged within this group;

* differences in regional economic performance remain a potent factor and emphasise the continued case for a regional dimension to resource allocation;

* the position of the most disadvantaged groups (e.g. ethnic minorities and people with long-term health problems or disabilities) may **worsen** in relative terms giving rise to an increased relative need for resources.

3. ANALYSIS OF OBJECTIVE 3 PERFORMANCE INDICATORS

INTRODUCTION

This section sets out the results of the outcomes from ESF Co-funded projects with the indicative targets set in the Single Programming Document (SPD) for 1994-96. The section also considers the performance of the programme in 1994 and 1995 using the performance indicators specified in the brief. A detailed analysis of Final Claim Form data is contained in Appendix A with only the key results reported in the main text.

INDICATIVE VERSUS ACTUAL OUTCOMES: 1994 AND 1995

A summary of the indicative outcomes (contained in the SPD) for 1994 and 1995 by priority is shown in Table 3.1. The data relating to beneficiaries and spending are taken from the SPD with the cost per beneficiary derived from these data.

Across the four priorities, the SPD forecast that there would be 528,864 beneficiaries in 1994 with the priorities 1 and 2 accounting for 40% and 31% of the beneficiaries respectively. The forecast number of beneficiaries for 1995 was 615,273 with priorities 1 and 2 accounting for 41% and 31% of beneficiaries respectively. These indicative targets were set using data from the earlier programme (which was the latest available information at the time of writing the SPD for 1994-96). The importance of the priorities 1 and 2 within the context of the current SPD reflects the greater emphasis which the Government was placing on addressing the issues of long-term unemployment and youth unemployment.

The actual outcomes for the four priorities in 1994 and 1995 in terms of the number of beneficiaries and spending are shown in Table 3.2. The Table also shows the breakdown between the number of beneficiaries who completed the project, the number who left early and the cost per beneficiary. A completer is defined as a person who finished the course or project. An early leaver is defined as a person who did not complete the course as intended with the number of leavers equal to the number of completers and early leavers. The number of beneficiaries is greater than the number of leavers as it includes people still undertaking a project. Hence, the number of beneficiaries represents everyone in a project in any one year.

Table 3.1
Indicative Outcomes and Indicative Spend by Priority

1994	Priority 1	Priority 2	Priority 3	Priority 4	Total
Spending (mECU)	433.4	375.5	258.5	63.7	1,131.3
Beneficiaries	211,760	165,608	118,244	33,252	528,864
Cost Per Benef. (ECU)	2,047	2,269	2,186	1,916	8,418

1995	Priority 1	Priority 2	Priority 3	Priority 4	Total
Spending (mECU)	511.6	426.9	298.1	66.3	1,302.9
Beneficiaries	252,495	190,085	137,724	34,969	615,273
Cost Per Benef. (ECU)	2,026	2,246	2,164	1,896	8,332

Source: SPD 1994-96

Notes: The 1994 £/ECU exchange rate was 1.284 at quarter 4.
The 1995 £/ECU exchange rate was 1.210 at quarter 4.

Table 3.2
Actual Outcomes and Actual Spend by Priority

1994	Priority 1	Priority 2	Priority 3	Priority 4	Total
Spending (£ million)	377.3	311.1	211.2	36.2	935.8
Beneficiaries	747,478	234,072	741,145	24,258	1,746,953
Completers	592,101	60,880	632,610	14,407	1,299,998
Early Leavers	83,340	62,180	32,264	3,490	181,274
Total Leavers	675,441	123,060	664,874	17,897	1,481,272
Cost Per Benef. (£)	505	1,329	285	1,491	3,610

1995	Priority 1	Priority 2	Priority 3	Priority 4	Total
Spending (£ million)	363.0	357.1	262.3	49.4	1,031.8
Beneficiaries	768,391	249,299	663,952	35,551	1,717,193
Completers	625,733	72,305	549,451	22,656	1,270,145
Early Leavers	87,656	52,292	39,487	4,983	184,418
Total Leavers	713,389	124,597	588,938	27,639	1,454,563
Cost Per Benef. (£)	472	1,432	395	1,389	3,688

Source: Data supplied by DfEE, Final Claim Forms

Across the four priorities in 1994, there were a total of 1,746,953 beneficiaries. This is over three times the number anticipated in the SPD. Priorities 1-3 all exceeded the target number of beneficiaries, but Priority 4 fell short of its target number by approximately 30%. Priorities 1 and 3 show the greatest divergence from the SPD with the actual number of beneficiaries exceeding the indicative number by 353% for Priority 1 (long term unemployed) and 627% for Priority 3 (those exposed to labour market exclusion)

A similar result occurred in 1995 where there were a total 1,717,193 beneficiaries across the four priorities. This is almost three times the number anticipated in the SPD. All the priorities exceeded the target, but the greatest divergence was in priorities 1 and 3 where the number of beneficiaries exceeded the target by 300% and 480% respectively.

It is difficult to determine why the number of beneficiaries should exceed the indicative number in the SPD by such a large amount, although it should be remembered that the SPD targets were only indicative. As stated in the previous section, it is not the case that the number of people eligible for these programmes was rising - rather, claimant unemployment amongst young people has fallen in absolute and relative terms and the actual number of long-term claimant unemployed has also fallen. It is possible that beneficiaries were attending shorter projects than were implicit in the SPD forecast, but the assumptions underlying the SPD in terms of project length are not known. Hence no comparison can be made. However, in 1994 the average length of time beneficiaries spent on projects ranged from 17 weeks (Priority 1) to 22 weeks (Priority 2).

It is possible that a number of beneficiaries are counted twice in that they may leave a project early to start another project. The results of the early leavers survey (Section 5) show that almost 19% of those surveyed were in further education or training prior to the project. Applying this estimate to the number of beneficiaries in 1995 **and,** assuming that all of the previous education and training had been ESF supported, would account for approximately 117,000 of the "extra" beneficiaries. Given that the actual number exceeded the forecast number by 1.1 million, double counting cannot account for a large part of the difference.

Another possible reason for the large divergence is the balance of beneficiaries across the measures. In both years there was an adjustment of spend towards Measure 1 (vocational guidance and access) projects. These projects tend to be of short duration and are often capable of handling flexible numbers of beneficiaries due to the nature of the project.

Comparison of Tables 3.1 and 3.2 shows that in both years the actual spending across the priorities was slightly less than forecast. As the expenditure across priorities is not significantly different from that forecast by the SPD, the substantial divergence from the target number of beneficiaries means that the actual cost per beneficiary is very much lower than anticipated.

The substantial number of beneficiaries accounted for by priorities 1 and 3 also changes the balance of outcomes across priorities compared to that forecast by the SPD. The Ecotec Report "Targeting and the ESF Objective 3 Single Progamme Document" (June 1996) states that

> *"Objective 3 is reaching its target groups broadly in the proportions proposed in the 1994-96 SPD"*
>
> (Page 43)

While we would agree that the programme has reached it target groups (e.g. young people) in line with the SPD, it has not assisted them under the expected priority.

The SPD envisaged the majority of beneficiaries to be either long-term or young unemployed in 1994 and 1995. The actual outcomes data show that while the long-term claimant unemployed (Priority 1) accounted for almost 43% of the beneficiaries in 1994 and 45% in 1995, those exposed to labour market exclusion (Priority 3) accounted for a further 42% of beneficiaries in 1994 and 39% in 1995. It is the case that labour market prospects at this time were improving for young people so that, even if only in relative terms, "need" for assistance to this group may have fallen. The point has also been made that improving conditions for the mainstream may worsen the relative position of people who would be classified under Priority 3.

The proportion of participants who leave early is significantly greater in Priority 2 than in the other priorities in 1994 and 1995, with the number of early leavers exceeding the number of completers in 1994. However, it should be noted that persons who move from one training course to another are counted as early leavers if they move to the new course before finishing the original course as intended. Early leaving will be discussed below but a high level of early leaving may reflect favourable employment prospects - people leave early to take a job.

A detailed analysis of indicative and actual outcomes by priority and measure for both 1994 and 1995 is given in Appendix A.

DESTINATION OF COMPLETERS AND EARLY LEAVERS

The characteristics of leavers, by priority, for 1994 and 1995 are shown in Tables A.4 and A.4 (Appendix A) respectively. Table A.5 (Appendix A) shows the destinations of completers by priority in 1994 and 1995, with Tables A.6 and A.7 providing the information for males and females respectively. A summary of the destination of total leavers is given in Table A.11. A completer can enter employment, start a further education and training course or be unemployed. There are also a number of people for whom the outcome is not known. There is a slight difference between the 1994 and 1995 data in that in 1994 a small percentage of outcomes were classified as "other". In 1995, the "others" are not identified separately and are included with the "not knowns".

The main feature of Table A.5 in both years is the very high percentage of destination "not known" in Priorities 1 and 3 - 77% and 80% of completers in Priorities 1 and 3 respectively in 1994 and 75% and 79% of completers in Priorities 1 and 3 respectively in 1995. Cross reference to Table A.1 shows that the number of completers in Priorities 1 and 3 is dominated by persons undertaking Measure 1 (vocational guidance and access) projects which are difficult to measure and record in terms of beneficiaries destinations.

Across the four priorities in 1994, the percentage of completers (whose outcome was known) obtaining a positive outcome (found employment or started a further education and training course) ranged from 70% (Priority 3) to 81% (Priority 2). Approximately 22% of Priority 1 and 3 completers were unemployed following the project, but the reliability of these results must be questioned given the exceptionally high number of completers whose destination following the project was not known.

Across the four priorities in 1995, the percentage of completers obtaining a positive outcome (found employment or started a further training course) ranged from 57.5% (Priority 1) to 80.7% (Priority 2). Within the positive outcomes, there is quite a large variation in terms of whether a person found employment or entered further education or training. Under Priority 3, almost 59% of completers obtained a positive outcome, but only 17% found employment. Under Priority 2, 81% of completers obtained a positive outcome with 41% finding employment. Again, the figures for Priority 2 are consistent with the **relatively** favourable employment prospects for younger people in general.

Comparison of the data across the two years is complicated by the fact that the Final Claim Forms were different in the two years. However, if the "others" are excluded from the analysis of known completer outcomes in 1994, a comparison of destinations of completers can be made across the two years. The main point to make is that in 1995 a higher proportion of completers were unemployed than in 1994. This is a surprising result since the general employment conditions were improving. The differential is particularly marked for Priority 3 and may reflect a relative worsening of labour market conditions for those who are most disadvantaged. However, there is also a large differential in Priorities 1 and 4 where an improvement in labour market conditions had occurred over 1994-95.

Table A.8 shows the destinations of early leavers by priority in 1994 and 1995 with Tables A.9 and A.10 providing the information for males and females respectively. The proportion of positive outcomes achieved by early leavers is quite different to that achieved by completers. In 1994, approximately 68% of Priority 2 early leavers obtained a positive outcome following the project, but only 31% of Priority 1 early leavers found employment or entered further education and training following the project. Indeed, following the project, almost 56% of Priority 1 early leavers were unemployed.

In 1995 the percentage of early leavers obtaining a positive outcome (found employment or entered further education and training) ranged from 20.5% (Priority 3) to 66.4% (Priority 2). Under Priority 1 almost 28% of early leavers entered employment (compared to 21% of completers) but the very small sample size is probably affecting these results.

COMPARISON OF APPLICATION AND FINAL CLAIM FORMS

Table A.12 in the Appendix provides a summary by priority of the planned versus actual spending in 1994 and the planned versus actual number beneficiaries. These "planned" data are taken from the project application forms and should not be confused with the indicative targets set out in the SPD. Hence, the Table allows a comparison of application and final claim forms. Similar information for 1995 is shown in Table A.13.

In general across the four priorities, the actual number of beneficiaries exceeded the planned number and actual spending was below the planned level. Priority 3 had the greatest divergence between the application form and the final claim form in terms of the number of beneficiaries with the actual number exceeding the planned number by some 50%. This was accompanied by an underspend of approximately 4%.

In 1995, the actual number of beneficiaries under priorities 1 and 4 was slightly less than planned (-2.3% and -8.3% respectively), with actual expenditure on Priority 1 slightly higher than planned. This higher expenditure arises from higher public finance and private finance - the amount of ESF finance was actually lower than planned. The number of beneficiaries under Priority 3 was over 50% more than was planned with expenditure falling short of the planned amount by 4.3%. The divergence is beneficiaries was reflective of one specific Measure 1 project which achieved a far higher number of beneficiaries than was anticipated.

Comparison of these tables with the earlier analysis of Tables 3.1 and 3.2 shows that the variation in the actual number of beneficiaries compared with the application form is far less than the variation in the actual number of beneficiaries as compared to the targets in the SPD.

COST INDICATORS

Table 3.3 combines some of the information from the tables in the Appendix to calculate (by priority) various cost per person gaining employment indicators for 1994 and 1995. In 1994 the cost per beneficiary ranges from £285 in Priority 3 to £1,491 in Priority 4. There is a similar range in 1995. The very low cost per beneficiary in priorities 1 and 3 reflects the fact that these priorities had a very high number of beneficiaries compared to the indicative targets in the SPD, but there was no change in the available expenditure. Priority 4 fell short of the indicative number of beneficiaries in the SPD, but the cost per beneficiary was also lower (£1,916 (Table 3.1)) compared with £1,491 (Table 3.3).

Table 3.3
Cost Indicators by Priority, (£)

1994	Priority 1	Priority 2	Priority 3	Priority 4
Cost per Beneficiary	505	1,329	285	1,491
Cost per Completer	637	5,110	334	2,510
Cost per Leaver	559	2,528	318	2,020
Completers				
Cost per Job (ex. unknown)	9,321	15,101	8,105	9,550
Cost per Job (in. unknown)	2,138	11,727	1,589	7,636
Total Leavers				
Cost per Job (ex. unknown)	7,615	7,492	6,096	7,657
Cost per Job (in unknown)	1,918	5,568	1,480	6,120

1995	Priority 1	Priority 2	Priority 3	Priority 4
Cost per Beneficiary	472	1,432	395	1,390
Cost per Completer	580	4,939	477	2,181
Cost per Leaver	509	2,866	445	1,788
Completers				
Cost per Job (ex. unknown)	10,855	19,027	14,091	9,867
Cost per Job (in. unknown)	2,738	12,096	2,930	6,947
Total Leavers				
Cost per Job (ex. unknown)	8,964	9,567	12,741	8,860
Cost per Job (in unknown)	2,319	6,678	2,771	5,967

Source: Data files supplied by DfEE

For completers and all leavers (completers and early leavers), two cost per person gaining employment figures are provided. The first is based only on data for completers and leavers whose destination is known (i.e. they entered employment, started a further education and training course or were unemployed) and effectively treats 'unknowns' as being unemployed. The second includes an allowance for those whose destination is not known in that it is assumed that these persons are distributed across outcomes in the same proportion as the knowns. Given the large number of unknowns in priorities 1 and 3 this significantly alters the cost per job. Indeed, the cost per person gaining employment falls by 77% in 1994 when the not knowns are included.

Excluding the unknowns, (i.e. treating them as unemployed) the cost per person gaining employment for completers ranges from £8,105 (Priority 3) to £15,101 in Priority 2. There is less variation in the cost per person gaining employment for total leavers (excluding unknowns) with the costs ranging from £6,096 (Priority 3) to £7,657 (Priority 4).

In 1995, the cost per beneficiary ranged from £395 for Priority 3 to £1,432 for Priority 2. Across all priorities, the cost per beneficiary was lower than that anticipated in the SPD (Table 3.1).

As in 1994, the high proportion of early leavers under Priority 2 has the consequence that cost per person gaining employment is much higher if only completers are counted than if all leavers are included.

In 1995 there is also greater variation in the cost per person gaining employment where unknowns are excluded. For leavers, the cost per person gaining employment ranges from £8,860 (Priority 4) to £12,741 (Priority 3), although the latter figure is affected by the high proportion of not knowns (see Table A.11).

However, the one definite statement that can be made about the 1995 figures is that all 1995 cost per job figures are higher than those for 1994. Since labour market conditions **improved** between 1994 and 1995 one might have expected that the proportions of leavers going into employment would have risen - in fact the proportion fell.

To place these results in some context, a comparison has been made with the cost per person gaining employment from this programme with the ESF cost per person gaining employment under ESF co-funded projects in the Merseyside Objective 1 programme which has operated over a comparable period. A summary of the results are shown in Table 3.4. For ESF Objective 3, two costs are shown - one excludes the beneficiaries whose destination was unknown and the other includes them using the same distribution across destinations as the "knowns".

Table 3.4
Comparison of Costs Per Person Gaining Employment (£)

	ESF Objective 3		ESF Objective 1 Merseyside
	Ex Unknowns	Inc. Unknowns	
1994	2,090	680	2,000
1995	3,030	1,010	3,900

Sources: Data supplied by DfEE
'Mid-Term Evaluation of Merseyside Objective 1 Programme'

Notes: These costs are calculated on the basis of ESF expenditure only

The Objective 3 costs vary considerably depending on whether unknowns are included or excluded. However, if they are excluded the cost per person gaining employment in 1994 was only slightly more (4.5%) than the Objective 1 cost and in 1995, the Objective 3 cost was 22% less than the Objective 1 cost. If the unknowns are included Objective 3 costs compare very favourably with Objective 1 ESF projects in Merseyside.

ANALYSIS BY MEASURE

Appendix A provides a detailed analysis of the 1994 and 1995 data by measure. It provides information on the number of completers and early leavers and their destinations. The main points that can be made from the analysis are:

* the number of "unknowns" is particularly high for Measure 1 (vocational access and guidance) projects under priorities 1 and 3. However, of the completers whose destination is "known", the majority tend to enter further education or training;

* the majority of completers of Measure 2 (training) projects obtain a positive outcome. However, those completing a project under Priority 2 tend to enter employment whereas those completing a project under the other priorities are more evenly split between employment and further education and training; and

* a very high percentage of completers from Measure 3 (direct help into jobs) obtain employment. This is not the case for early leavers.

Table 3.5 provides a measure of the efficiency of the training projects in terms of the gross cost per person gaining employment and the gross cost per qualification in 1994 with the data for 1995 shown in Table 3.6. Two figures are presented for the cost per person gaining employment and cost per qualification. The first excludes the unknowns and uses only the number of leavers whose destination is known. The second includes the unknowns distributed in the same proportion as the known destinations.

Table 3.5
Cost Indicators for Measure 2 (Training), 1994 (£)

	Priority 1	Priority 2	Priority 3	Priority 4
Cost per Beneficiary	1,740	1,438	1,376	1,815
Cost per Completer	4,082	6,649	4,870	3,583
Cost per Leaver	2,637	2,855	2,744	2,663
Cost per Beneficiary Hour	11.74	4.82	4.96	5.02
Completers				
Cost per Job (ex unknown)	15,721	16,089	18,586	11,012
Cost per Job (in unknown)	12,357	12,544	15,769	9,349
Cost per Qual (ex unknown)	6,957	10,533	7,660	4,692
Cost per Qual (in unknown)	6,648	10,067	7,422	4,434
Total Leavers				
Cost per Job (ex unknown)	11,034	7,697	10,300	8,588
Cost per Job (in unknown)	8,817	5,739	8,902	7,206
Cost per Qual (ex unknown)	5,483	5,898	5,536	4,119
Cost per Qual (in unknown)	5,268	5,716	5,381	3,912

Source: Data files supplied by DfEE, Final Claim Forms

The cost per beneficiary of Measure 2 (training) projects in 1994 varied across the priorities from £1,376 (Priority 3) to £1,814 (Priority 4). The cost per job (excluding unknowns) ranges from £7,697 (Priority 2) to £11,034 (Priority 1) and from £5,739 to £8,902 if unknowns are included. However, there is less variation in the cost per qualification with the cost per qualification ranging from £4,119 in Priority 4 through to £5,878 in Priority 2.

Table 3.6
Cost Indicators for Measure 2 (Training), 1995 (£)

	Priority 1	Priority 2	Priority 3	Priority 4
Cost per Beneficiary	1,865	1,620	1,654	1,809
Cost per Completer	3,707	7,442	5,524	3,546
Cost per Leaver	2,685	3,662	2,991	2,599
Cost per Beneficiary Hour	11.47	6.09	7.36	4.88
Completers				
Cost per Job (ex unknown)	13,401	22,768	36,855	15,747
Cost per Job (in unknown)	11,386	13,586	23,636	11,182
Cost per Qual (ex unknown)	6,389	9,471	9,685	5,124
Cost per Qual (in unknown)	5,696	9,087	9,124	4,659
Total Leavers				
Cost per Job (ex unknown)	10,249	10,377	29,247	13,368
Cost per Job (in unknown)	8,636	7,260	16,110	8,862
Cost per Qual (ex unknown)	5,436	6,933	6,475	4,511
Cost per Qual (in unknown)	4,856	6,602	6,111	4,142

Source: Data files supplied by DfEE, Final Claim Forms

The cost per beneficiary of the training measure in 1995 ranges from £1,620 (Priority 2) to £1,865 (Priority 1). The cost per person gaining employment (excluding unknowns) varies considerably across the priorities from £10,377 (Priority 2) to £29,247 (Priority 3). When the unknowns are included, the cost per person gaining employment falls substantially and is approximately £7,000-£9,000 for priorities 1,2 and 4, with Priority 3 almost twice this cost at £16,100.

The variation in the cost per qualification between the knowns and the unknowns is much less than in the cost per person gaining employment calculations with the range being a cost of £4,100 per qualification for Priority 4 through to £6,600 for Priority 2.

CONCLUSIONS

The outcomes for the various performance measures diverge so much from the indicative targets that interpretation is quite difficult. The key points appear to be as follows:

* Priorities 1 -3 greatly exceeded their forecast beneficiary numbers in both years while Priority 4 failed to meet its forecasts in 1994;

* in Priorities 1 and 3 the divergence from the indicative targets was mainly in Measure 1- Vocational Guidance and Access;

* in terms of positive outcomes, and especially employment, Priority 2 was by far the most successful Priority;

* in Priority 2 even early leavers tended to have positive outcomes, with particularly high levels of employment;

* early Leaver outcomes were particularly poor for Priority 3;

* because of the high throughput of cases, cost per leaver and per beneficiary was generally much lower than in 1991;

* cost per person gaining employment was also lower than in 1991

* cost per person gaining employment for the training measures was broadly similar across all Priorities.

The generally 'positive' results for Priority 2, and the performance relative to other priorities, is maybe related to a more favourable labour market context for this group. The issue is explored in depth later in the report.

The extent to which 'throughput' measures have exceeded the indicative targets does not reflect change in the economy between the preparation of the SPD and implementation but rather the inherent difficulty of forecasting the number of beneficiaries. Arguably, improving economic conditions might have been expected to **reduce** programme demand.

The link from shorter-term variation in economic performance to programme activity and outcomes may not be strong. Thus between 1994 and 1995 the labour market was strengthening but a **lower** proportion of programme participants appear to have secured jobs in the latter year.

4. ANALYSIS OF NET IMPACT

INTRODUCTION

This section of the report draws together various elements of analysis in order to assess the net impact of the programme in terms of employment and other 'positive' outcomes. The aim of this section is to establish, as far as possible, to what extent the positive outcomes achieved by the programme, and considered in the previous section, represent additional benefits, i.e. net of deadweight. The main focus of the section is on the Measure 2 projects since it is these projects which receive the majority of the funding.

The analysis does not rely on any one source but draws upon and cross compares the results of three elements of analysis - the comparison of project participant outcomes with a control group, an econometric analysis and survey work. These are considered in turn before general conclusions are drawn.

Control Group Analysis

The control group analysis involves comparing the post course labour market experience of Measure 2 (training) participants with that of a control group of individuals with similar characteristics. The control group for the present analysis was constructed from the JUVOS data base. JUVOS has the considerable advantage that it represents a continuous record for a group of claimant unemployed at a particular date. However, JUVOS records only very limited information on personal characteristics - namely age, gender and duration of unemployment. Important influences on labour market experience such as qualifications, ethnicity and previous occupation are not recorded.

Two cohorts were extracted from JUVOS. The first involved a group unemployed on 31 December 1993 and the second a cohort unemployed on 31 December 1994. The members of each cohort had been unemployed for one year at that date. The groups were divided into men, women and into those over and under 25 years of age. From the JUVOS data it was possible to calculate the percentage of each sub group who would cease to be unemployed over each successive 13 week period up to one year after the original date.

As Table 4.1 below shows, the rate at which people moved out of unemployment varied very little between the two years. Women tended to remain on the unemployment register for less time than men and young people moved off the register faster than did the long term unemployed as a whole. The lack of difference, is in itself interesting given that unemployment was falling between 1994 and 1995 - evidently the fall in unemployment had little impact on the rate at which the long-term unemployed left the register.

Table 4.1 shows the proportion of the cohort still unemployed after 6 months and 12 months. This provides a standard or benchmark against which to compare the situation of ex - Objective 3 trainees. The comparisons made relate only to those undergoing training under Priority 1 and Priority 2 as these priorities matched most closely the JUVOS data.

The data on trainee outcomes, against which comparisons are made, are drawn from the performance analysis reported in Section 3 and from the survey data reported in Section 5. The results from these two sources are similar but require a slightly different basis of comparison.

Table 4.1
Percentage of JUVOS Sample Remaining Unemployed After 6 and 12 Months

	Under 25 Age Group			Over 25 Age Group		
1993 Cohort	**Men**	**Women**	**All**	**Men**	**Women**	**All**
After 6 Months	50	43	48	56	47	54
After 12 Months	28	19	26	35	24	32
1994 Cobort						
After 6 Months	49	41	47	55	50	53
After 12 Months	26	18	24	35	21	33

In making comparisons with the performance data, the procedure adopted has been to compare the known outcome for completers and early leavers at the time of leaving with the employment status of people on the JUVOS sample at 6 months and 12 months after initial date. The rationale for this is that the average Objective 3 supported course runs for around 6 months so that someone leaving a course may reasonably be compared with someone known to have already have been long term unemployed between six and twelve months previously. Indeed, given that people trained under Priority 2 do not have to meet strict criteria concerning duration of previous unemployment, a comparison with the control group six months after the initial date may be more appropriate.

The performance indicator analysis reported in the previous section shows that only 15% of young people (i.e. Priority 2 cases) completing an Objective 3 course in 1994 and 18% in 1995 became unemployed. Both of these figures are well below the corresponding JUVOS figures for the year concerned. Whether one takes the less demanding test of comparing the Objective 3 outcomes with the unemployment status of the control group after 6 months or the stricter test of a comparison with the position after 12 months, the data indicate that for young people the labour market outcomes are more favourable for people completing Objective 3 supported courses than for the control group.

The position for early leavers appears a little less favourable in that 24% of early leavers were unemployed in 1994 and 34% in 1995. Even so, this still compares fairly well with the JUVOS group after 6 months. One caveat which should be noted is that many of those not unemployed moved onto another training course rather than securing employment. Equally, the JUVOS data enable us only to identify people leaving the register, not the reason for leaving.

Turning to the over 25 age group (Priority 1 cases), the data in the previous section show that 37% of completers in 1994 and 49% in 1995 were unemployed at the end of the project. The 1994 and 1995 figures compare favourably with the 6 month figures given in Table 4.1, but the position of ex-Objective 3 completers does not compare favourably with the control group after 12 months. The position for early leavers on Priority 1 courses is quite different. Unemployment among this group was 56% in 1994 and 50% in 1995 at the time of leaving - no better than at six months for the control group and considerably worse than at twelve months. Early leavers, on this analysis, gain little apparent benefit from courses under Priority 1.

There are problems in interpreting the results of the control group analysis, particularly in determining what is an appropriate basis of comparison. Essentially, the choice is between comparing with a control group intended to match the course participants at the beginning of the course or with a group intended to match the participants at the completion of the course.

P*ieda*'s view is that the most valid comparison is with a control group intended to match the course participants prior to attending the course. Thus, one is considering the position of a hypothetical choice between going onto the course and remaining on the register seeking work. This implies that the immediate unemployment rates may be compared with the JUVOS sample for unemployment after six months and the position of people six months after leaving the course may be compared with unemployment levels for the control group 12 months after the initial date. That said, one must recognise that the comparison is imprecise and somewhat approximate, not least because course duration varies considerably.

Using the data obtained from the survey of completers and early leavers (discussed in full in Section 5), a further comparison with the JUVOS control group is possible. Table 4.2 sets out the immediate and 6 month unemployment rates for those aged over and under 25.

Table 4.2
Unemployment Percentages Based on Survey Data, %

	Under 25		Over 25	
	Completer	Early Leaver	Completer	Early Leaver
Immediate	14	18	50	48
6 Months	9	17	27	44

If the immediate unemployment percentages of the under 25s are compared with the 1994 control group after 6 months, those young people attending an Objective 3 course compare favourably to the control group. This is the case for completers and early leavers. If the 6 month unemployment percentages from the survey (completers and early leavers) are compared with the 12 month position of the control group, the results are still favourable.

As with the performance indicator comparison, the results for the over 25s are not quite so positive. The percentage of both completers and early leavers in the survey who are unemployed immediately following the course compares favourably with the control group. However, after 6 months, it is only completers who compare favourably with the control group. Hence, early leavers gain no "longer-term" apparent benefit from the course.

On balance, the control group exercise suggests that people who participate in Objective 3 projects have a higher probability of securing employment, or at least avoiding unemployment than have people who remain on the unemployment register and do not attend a course. This is particularly so for young people. For older people the benefits are less clear cut. It would appear that completers do gain from the course, but there is little benefit from the course for early leavers. However, this observed pattern could be a result of the personal characteristics of those who move off the register relatively quickly - personal characteristics which are correlated with, but not caused by, attendance on the course.

Table 4.3 draws together the above analysis to provide an estimate of the short-run reduction in unemployment which can be attributed to the Objective 3 course. It should be noted that the reduction in unemployment is at the micro level and does not allow for the possibility that in securing employment trainees **displace** other people from jobs

Table 4.3 Estimated Reduction in Unemployment Per 100 Project Participants				
	Under 25		Over 25	
	Completers	Early Leavers	Completers	Early Leavers
1994	35	25	15	0
1995	30	15	5	5
Notes: This is based on the performance data using Final Claim Forms, rather than the survey o f completers and early leavers.				

The effect of Objective 3 courses in reducing unemployment would appear to be greatest for the young unemployed (both completers and early leavers). Indeed, the reduction in unemployment for young early leavers is at least as great as for completers aged over 25.

Econometric Analysis

Regression analysis attempts to establish if there is a relationship between two or more variables. For example, is the employment status of an individual related to the personal characteristics of the individual. An analysis was undertaken using logisitic regression based on follow up survey data for the three groups of courses supported by Objective 3 - i.e. Training for Work, Youth Training and Non Governmental Programmes. It should be noted that each of these data sets contained many variables, but the analysis was undertaken on a "merged" dataset such that only variables common to all three sets were included. Hence, in merging the data there was a loss of some detailed information and the results should therefore be considered as indicative.

EMPLOYMENT STATUS REGRESSIONS

The aim of the analysis is to establish which factors influence employment prospects. To analyse employment status, the following groups of variables were considered:

* ethnicity, consisting of 10 variables;
* region of residence, consisting of 10 variables;
* age, consisting of five banded variables;
* length of course, consisting of five banded variables;
* ESF pathway, consisting of seven variables; and

* a miscellaneous group consisting of the existence of a language difficulty; whether a person was an early leaver or completer; gender; whether the person had a disability and what part of an NVQ was achieved.

Combining the follow up survey data sets, a logistic regression was performed on 93,715 cases, the remainder being excluded due to missing values. The sample was then split according to gender and a separate regression was performed on each subgroup. As a result of the missing values and problems in merging the data sets these results should be seen as indicative of the factors influencing employment outcomes (and qualification gained). Other factors which we cannot control for will also affect the employment status of beneficiaries.

The model does contain a considerable number of dummy variables (Appendix B) which has implications for the interpretation of the results. Essentially, all results are relative to a default case among the dummy variables. In this case it is a white completer who is female, lived in the South East or Wales, had no NVQ qualification, attended a training course under priority 4 which was over 24 months in length, had no health problems and was aged between 48 and 59.

Table 4.4 shows the results for the combined sample of 93,715 beneficiaries. The table shows whether or not a variable was found to affect the employment prospects of people in the sample. Positive variables are those which **increased** a person's prospects of gaining employment, while negative factors were associated with a reduced prospect of securing a job. Results are shown where they are significant at the 5% level - i.e. we can be 95% sure that the observed relationship has not arisen by chance. The percentage correct prediction rate (a measure of goodness of fit, Appendix B) for the model is 86%.

The results show that beneficiaries with a language difficulty, or for whom English is a second language, are less likely to find employment. Males are significantly less likely to find employment than females - perhaps reflecting an unwillingness to accept part time work or to accept low wages.

As we might expect, a health or disability problem will impair a beneficiary's employment prospects. Early leavers are significantly **less** likely to obtain employment than those who complete their course.

Table 4.4
Influence of Variables on Employment Status
(Total Sample)

Variable	+ve and significant at 5%	-ve and significant at 5%	insignificant
language difficulties		√	
black African		√	
black Caribbean		√	
black other			√
Indian			√
Pakistani		√	
Bangladeshi			√
ethnicity not stated			√
Chinese			√
other ethnicity		√	
early leaver		√	
London	√		
Eastern	√		
Southwest			√
West Midlands	√		
East Midlands	√		
Yorks&Humberside	√		
North East			√
North West	√		
whole NVQ	√		
part NVQ	√		
credit to NVQ			√
male		√	
health problems		√	
ue312			√
db332 (Disabled)			√
es332 (English as a second language)		√	
ln332 (Literacy/Numeracy			√
ic332 (Inner Cities)			√
eo342 (Equal Opportunities)			√
aged between 16 and 25 years	√		
aged between 26 and 35 years	√		
aged between 36 and 47 years			√
aged over 60 years			√
length of course between 0 and 12 months		√	
length of course between 13 and 24 months		√	
Constant	√		

Among the ethnic groups, black Africans, Afro-Caribbean and people of Pakistani origin were less likely to find employment than were whites. This suggests that, (in line with other empirical evidence), certain ethnic minorities find it relatively difficult to obtain employment.

Age proved to be a significant factor in that people under the age of 35, and especially those under 25, were more likely to gain employment than were older age groups.

There are also strong regional effects. The analysis took the South East (and Wales and Merseyside) as the 'benchmarks' and considered whether people in other regions were **more** likely to gain employment. The results show that in six regions people were **more** likely to gain a job than was the case in the 'benchmark' regions.

The acquisition of a qualification will significantly enhance employment prospects. Those beneficiaries who obtain a whole NVQ or part of an NVQ are significantly more likely to obtain employment than those who did not gain any NVQ. It would appear that the **specific** ESF pathway or measure has little effect on employment prospects i.e. each measure/pathway is comparably effective. However, ES332 (English as a second language) is negative and significant - a factor undoubtedly related to the poor prospects of people who have English as a second language.

An important determinant of post-course employment status is the length of course which a beneficiary attends. In general the shorter the course the less likely is the individual to gain employment. Longer courses may equip beneficiaries with a wider range of experience and skills.

Separate regressions were run for males and females with the results broadly in line with the total sample regression. There were some differences with respect to qualification gained and age. For the males in the sample, any NVQ qualification or part thereof significantly improved employment prospects over those who had no NVQ and younger males were significantly more likely to find employment than older males. For females, beneficiaries who managed to obtain a whole NVQ or part of an NVQ were more likely to gain employment but the age factor only affected older groups in that those aged between 48 and 59 were significantly **less** likely to obtain employment.

The findings for the total sample are reflected in Table 4.5 which shows the effect of each variable on an individuals probability of securing employment. As can be seen the probability of finding employment works out at 60%. The column of figures shows, for example, that the effect of language difficulties is to reduce this probability by 15 percentage points. Similarly living in London will increase probability of employment by 6%.

Table 4.5
Magnitude of Effect Total Sample Employment

Variable	Effect on Probability
language difficulties	-0.15
black African	-0.12
black Caribbean	-0.08
Pakistani	-0.16
other ethnicity	-0.10
early leaver	-0.05
London	0.06
Eastern	0.04
Southwest	0.00
West Midlands	0.10
East Midlands	0.16
Yorks&Humberside	0.09
North West	0.10
whole NVQ	-0.01
part NVQ	0.05
male	-0.10
health problems	-0.16
es332 (English as a second language)	-0.25
aged between 16 and 25 years	0.05
aged between 26 and 35 years	0.02
length of course between 0 and 12 months	-0.51
length of course between 13 and 24 months	-0.31
Control Probability of Employment	0.60
Note: All figures are probabilities	

A course lasting less than 12 months as opposed to 2 years will reduce the probability of employment by 51%. Those individuals who attend a course of length 13-24 months will have a 31% reduced probability of employment. The achievement of a qualification in itself has a low impact on probability as does the pathway and age. The effect of ethnicity is however quite strong, reducing the probability of employment by 16% for Pakistanis and 12% for black Africans.

The main results to arise out of the analysis are that a person's ethnicity, gender and health/disability are **strongly** correlated with his/her prospects of finding work. The priority of a beneficiary's training was found to have mixed results for but was not as important as the length of course attended which had a very significant impact on the likelihood (and probability) of obtaining employment.

QUALIFICATION GAINED

The qualification achieved by the beneficiary was analysed against relevant data. For our purposes we model the achievement process as one of attaining a whole/part or credit of NVQ against no qualification achieved.

Table 4.6 presents the results for the total sample of 96,022 cases. The model has a correct prediction rate (a measure of goodness of fit, Appendix B) of 66%.

The results indicate that males are significantly less likely to obtain any qualifications as are those beneficiaries who have a disability/health problem. Again there are strong regional effects with those beneficiaries residing in Eastern England, the South West, Yorkshire and Humberside and the North East significantly more likely than others to obtain a qualification.

Those who received training under priorities DB332 (disabled), UE312 (long term unemployed), In332 (literacy, numeracy), ic332 (inner cities) and EO342 (equal opportunities) were significantly more likely to attain a qualification.

As was the case for the employment status analysis, the length of the training course attended is the strongest factor in determining whether a beneficiary obtains a qualification or not. Those beneficiaries who attended courses of between 0 and 12 months were significantly less likely to obtain a qualification than the default group, (25 months or more) whilst those on courses of 13-24 months were significantly more likely to gain a qualification.

The above findings are reflected in the table of probabilities, Table 4.7. The default group is identical to that used in the employment status regressions.

A short course will lower the probability of obtaining a qualification by 10%. Attending a course of 13 to 24 months will increase this probability by 24%. The type of course also has a strong effect, e.g. equal opportunity courses increase the probability of obtaining an NVQ or part/credit of an NVQ by 12%, but ES332 courses (English as a second language) lower it by 2%.

Table 4.6
Influence of Variables on Qualification Gained
(Total Sample)

Variable	+ve and significant at 5%	-ve and significant at 5%	insignificant
language difficulties	√		
black African			√
black Caribbean			√
black other			√
Indian			√
Pakistani		√	
Bangladeshi		√	
etlmicity not stated	√		
Chinese			√
other etlmicity			√
London		√	
Merseyside			√
Eastern	√		
Southwest	√		
West Midlands			√
East Midlands			√
Yorks&Humberside	√		
North East	√		
North West			√
male		√	
health problems		√	
ue312 (unemployed)	√		
db332 (disabled)	√		
es332 (English second language)			√
In332 (literacy, numeracy)	√		
ic332 (inner cities)	√		
eo342 (equal opportun.)	√		
aged between 16 and 25 years		√	
aged between 26 and 35 years		√	
aged between 36 and 47 years		√	
aged over 60 years			√
length of course between 0 and 12 months		√	
length of course between 13 and 24 months	√		
early leaver		√	
Constant			√

However, the above regression does hide some important differences between males and females with regard to ethnicity. For example being of Pakistani origin will lower the likelihood of obtaining a qualification whilst being of Chinese origin will increase it for males. Within the female sample black Africans are significantly more likely to obtain a qualification

Table 4.7
Magnitude of Effect Total Sample Qualification Gained

Variable	Effect on Probability
language difficulties	0.04
Pakistani	-0.06
Bangladeshi	-0.07
ethnicity not stated	0.06
Chinese	0.08
other ethnicity	-0.01
London	-0.05
Eastern	0.10
Southwest	0.04
Yorks&Humberside	0.03
North East	0.02
male	-0.04
health problems	-0.01
ue312 (unemployed)	0.05
db332 (disabled)	0.07
ln332 (literacy, numeracy)	0.08
ic332 (inner cities)	0.06
eo342 (equal opportun.)	0.12
aged between 16 and 25 years	-0.05
aged between 26 and 35 years	-0.02
aged between 36 and 47 years	-0.01
length of course between 0 and 12 months	-0.10
length of course between 13 and 24 months	0.24
early leaver	-0.26
Control Probability of Gaining Qualification	0.58
Note: All figures are probabilities	

Key Results from Econometric Analysis

The main results of the econometric analysis can be summarised as follows:

* Ethnic minorities are less likely to obtain employment, as do beneficiaries with a disability/health problem and those whose first language is not English;
* Early leavers are significantly less likely to find employment - the effect being a 5% drop in their probability of employment;
* Obtaining a whole or part qualification significantly improves the chance of employment relative to those with no NVQ;
* The strongest and most significant factor in determining employment status and educational attainment was length of the course attended; and
* It would appear that region of residence has an influence on a beneficiary's employment prospects and qualification achievement.

SURVEY EVIDENCE

The survey of people who had been on Objective 3 courses provides a number of insights into the issue of the net impact or value added of the programme. The survey results cover a wide range of topics and a fuller analysis is provided in Section 5, with detailed Tables in Appendix C. Only the key findings are reported in this section.

Completers A sample of 233 completers were interviewed with Table 4.8 showing the post project employment status of completers. According to the survey results, 34% of completers were unemployed immediately after completing the course while 36% were employed. This result accords fairly closely with the results reported in the analysis of monitoring data. After a further six months, unemployment among the completers had fallen to 22%. The survey sample involved people who had completed their courses 18 months ago; only 15% of the sample reported themselves as unemployed at the time of the survey.

Of those respondents who reported achieving a positive outcome, i.e. further training or employment, 74% reported that the course had an important role in enabling them to achieve employment or access to further training. Table 4.9 lists the main reasons given by respondents in explaining why the course was important to the positive outcome achieved.

Table 4.8

Comparison of Post-Project Employment Status: Completers and Early Leavers (Percentages)

	Employed			Unemployed			Further Training		
	Immediate	6 months	Current	Immediate	6 months	Current	Immediate	6 months	Current
Completers	36	49	60	34	22	15	11	12	10
Early Leavers	39	46	44	35	31	33	5	6	3

Table 4.9
Completers: Reasons for Course Being Important To Current Job/Training (Percentage of those Reporting Positive Outcome)

Reason	No.	%
Needed the qualification	48	25.5
Learned new skills/Improve Skills	33	17.6
Improved my job prospects	27	14.4
Improved my confidence/social skills	22	11.7
I achieved some qualifications	17	9.0

As can be seen the most important reason was that the respondents felt that they needed the qualification, followed by learning new skills/updating existing skills.

The analysis of value added from courses must also take account of the pre-course status and skills of the respondent. In the survey sample almost all respondents had obtained some form of pre ESF course qualification. Thus of those who responded:

* 29% had 3 or more GCSEs/O Grades;
* 17% of had a City and Guilds qualification;
* 11% had an RSA Certificate on Diploma;
* 8% had an NVQ;
* 7% had a SCOTVEC or BTEC Certificate;
* 24% had other qualifications.

It will be recalled that the main aim of the Objective 3 programme is and was to assist people experiencing various types of labour market disadvantage. To the extent that the courses are assisting those with at least some qualifications, it could be argued that this is not fully in accord with the programme's strategic aims. Moreover, the additionality of some of the positive outcomes may be questionable if trainee selection is biased towards the relatively highly qualified and those with fairly good employment potential. However, it must also be said that the qualifications possessed by approximately one third of the sample (3 G.C.S.E.s) are fairly basic and of limited direct relevance to employment.

Early Leavers The survey covered 177 people who had left their course before completion. The responses of these early leavers and the implications of their experience are considered specifically in a later section but they are considered here to the extent that their answers cast light on the issue of the net impact of the programme.

Early leavers spent an average of 21 weeks on their course; one-quarter (25 %) left the course because they had found full-time permanent employment. A further 5% had found part-time permanent employment. The most common reason for leaving early, accounting for 25% of early leavers, was that the course was, in some sense, not what they had expected.

Among early leavers, the success rate for qualifications was low. Only 26% of early leavers obtained any qualifications from the project. However, despite this difference there was some similarity in labour market outcomes with the completers. Immediately following the project, early leavers experienced similar levels of employment and unemployment to that experienced by the completers subset: 39% of early leavers were in employment and 35% were unemployed. The proportion of early leavers going into further training was less than half the level found among completers.

The survey suggests that the difference in labour market experience between completers and early leavers may take some time to emerge. Thus, as Table 4.8 shows, whereas completers experienced a continuing and sharp decline in the level of unemployment as time passed, the downward curve was much shallower for early leavers. For completers, the unemployment rate fell by 35% in six months and then by a further 32% over the next year. In contrast, early leavers experienced a fall of only 11% over the first six months and a slight increase over the next year. The econometric analysis reported above indicated that the difference between unemployment levels for completers and for early leavers might be as little as 5%. That degree of difference would be consistent with survey results relating to the period immediately after leaving/completing a course. However, the survey results also suggest that completers may continue to experience declining unemployment at a rate faster than early leavers.

It is not surprising that early leavers were less inclined than completers to consider that the training course had contributed positively to later success in the labour market. Thus when early leavers were also asked to assess the contribution their time on the course made to any subsequent employment or training, 47% felt it was not important. The main reasons cited by these early leavers were that the training was inadequate or irrelevant (15%) or that the project did not help the respondent get a job (17 %). These results do have to be seen in the context that in the sample the level of unemployment among early leavers **at the time of survey** was twice as high as for completers so it is to be expected that a less positive response would come from the early leavers.

CONCLUSIONS

The above evidence may be drawn together to arrive at a view concerning the scale of value added/additionality in the Objective 3 programme. To summarise, the various elements of analysis suggest the following.

* The control group analysis clearly indicates that people under the age of 25 who participate in an Objective 3 project are less likely to be unemployed after the course than are people in the control group. The comparison cannot be made with absolute precision but of 100 young people completing an Objective 3 project there will be a short term reduction of 30-35 in the number of unemployed. For early leavers the reduction in unemployment is estimated at 15-25. However, these reductions do not take account of the possibility that beneficiaries who secure employment **displace** other people from work.

* The corresponding analysis for the long term unemployed would suggest that for every 100 project completers there would be a short term reduction in unemployment of 5-15. However, the analysis suggests that the benefit that accrues from early leavers is minimal i.e. a reduction in unemployment of up to 5 people. Again, these reductions do not take account of displacement effect.

* The econometric analysis does not provide for a comparison with any control group. The analysis points to factors which influence the likelihood of a positive outcome. The regression results suggest that the importance of being a completer rather than an early leaver is less than implied by the JUVOS analysis of the long term unemployed. However, it should be noted that the econometric analysis is looking at factors influencing employment whereas, the JUVOS data considers the flow out of unemployment. Hence, it is not known whether the people leaving the unemployment register are entering employment of further education or training. The survey results show that a much smaller proportion of early leavers enter further education or training than completers.

* The survey evidence tends to support the findings of the JUVOS analysis. The survey data also indicate that the benefits of completing an Objective 3 project, relative to early leavers may increase over time.

5. FURTHER ANALYSIS OF COMPLETERS AND EARLY LEAVERS

INTRODUCTION

This section sets out the results of the survey of completers and early leavers from Measure 2 (training) projects. The survey was conducted by Swift Research. A total of 177 early leavers were interviewed. Some 23 persons who were interviewed as early leavers indicated that they had completed the project. To avoid any bias being introduced into the results of the interviews with completers, these 23 persons are excluded from the survey results. The results refer to a total of 233 interviews with completers. Only the main results are contained in this section with the detailed results of questions contained in Appendix C.

SURVEY RESULTS

Tables C.1-C.4 (Appendix C) provide background details of survey respondents. There is little difference between completers and early leavers in terms of the following:

* approximately 59% of completers and early leavers were males and 41% were females;

* approximately 77% of completers and early leavers do not have any long-term health problem or disability which affects the kind of work they can do;

* in terms of ethnic group, 87% of completers were white and 91% of early leavers were white; and

* in terms of the respondents first language approximately 92% of completers and early leavers had English as a first language.

These results are broadly in line with the analysis of final claim forms where in 1995 58% of leavers were male, 86% of leavers (who responded) had no disability or health problem affecting their ability to work and 85% were white.

It is interesting to compare the employment status of completers and early leavers prior to attending a project. A detailed analysis is contained in Table C.6. A summary is shown in Table 5.1. Immediately prior to the project there was very little difference in the proportion of completers and early leavers who were in employment. The main difference occurred in education/training and unemployment with 27% of completers in education or training and 38% unemployed. For early leavers, 19% were in education/training and 46% were unemployed.

Table 5.1
Employment Status Prior to Project, %

	2 Years Prior		Immediately Prior	
	Completers	**Early Leavers**	**Completers**	**Early Leavers**
Employment	22.2	20.9	15.0	14.7
Education/Training	35.9	26.6	26.6	18.6
Unemployed				
- up to 12 months	7.7	7.9	13.7	18.1
- over 12 months	21.0	25.4	24.0	28.2
Not working/Other	12.9	18.9	19.7	19.8
Not available	0.0	0.6	0.9	0.6

Notes: Columns may not sum due to rounding

Table C.8 (Appendix C) shows that 70% of completers had a qualification prior to starting the project as did 63% of early leavers. Details of the type of qualification are provided in Table C.9. None of the respondents had a qualification to NVQ level 4 or above and only one completer had a NVQ level 3 qualification. In terms of further educational qualifications, there was little difference between completers and early leavers, although a slightly higher percentage of completers had more GCSE qualifications. For example, 31% of completers had five or more GCSE's at any grade compared to 24% of early leavers. This reflects the pre project employment status in Table 5.1 where a higher proportion of completers were in education or training. However, it is not possible to determine if the completers have previously attended an ESF funded course.

The household arrangements of completers and early leavers are shown in Table C.10. For respondents who were part of a couple there is very little difference in the household arrangements for completers and early leavers in terms of looking after dependents. The main difference is with single respondents and whether they have responsibility for child care. For completers, 58% of respondents were single with no children and 6% were single with responsibility for children. For early leavers, 49% were single with no children and 12% were single with responsibility for children. Hence, the proportion of early leavers who are single with childcare responsibilities is twice that of completers.

There was little difference between completers and early leavers in terms of duration of the project (Table C.11) and what was done on the project (Table C.12). However, a greater proportion of completers attended an integrated project (48% compared to 35% of early leavers, Table C.13). The main source of details on the course was the job centre (34% of completers and 40% of early leavers) with the careers services and word of mouth the other two main sources for completers and early leavers (Table C.15).

For both completers and early leavers, the main reasons for going on the course were to improve their job prospects, improve/learn new skills and to obtain further qualifications (Table C.16).

Approximately 23% of completers and early leavers had considered another course (Table C.17). Of those respondents who did, the main reason for selecting the chosen course was that it met their needs most closely (62% of completers, 63% of early leavers, Table C.18). If they had not done the course, 40% of early leavers would have remained unemployed looking for work with a further 36% considering another course (Table C.19). For completers, 37% would have considered another course and 31% remained unemployed looking for work.

Table C.20 provides details of how respondents supported themselves while on the course. The majority of early leavers (52%) were claiming benefit as were 46% of completers. It is interesting that almost twice the proportion of completers were supported by their parents compared to early leavers. A much higher proportion of completers were also receiving a grant.

EARLY LEAVERS

Analysis of final claim forms shows that there were 181,274 early leavers in 1994 and 184,418 in 1995. The distribution of early leavers by type of project is shown in Table 5.2.

Table 5.2
Analysis of Early Leavers by Project Type, 1995

	Completers	Early Leavers	Total Leavers	Early Leavers as % of Total
Vocational Guidance	1,083,600	64,033	1,147,633	5.6
Wage Subsidy	2,125	240	2,365	10.1
Work Experience	990	246	1,236	19.9
Temporary Placement	202	22	224	9.8
Basic Training	167,419	118,125	285,544	41.4
Higher Training	11,265	1,236	12,501	9.9
Innovatory Training	3,121	292	3,413	8.6
Transnational	1,057	191	1,248	15.3
Training	48	9	57	15.8
Recruitment	318	24	342	7.0
Training for Trainer				
Total	1,270,145	184,418	1,454,563	12.7

Source: Data files supplied by DfEE, Final Claim Forms

Table 5.2 shows that the basic training projects have the highest proportion of early leavers, with over 40% of leavers from this type of project being early leavers. Basic training accounts for 20% of leavers, but 64% of early leavers. The number of leavers is dominated by vocational guidance projects (79%) with 35% of early leavers in this category. However, the proportion of early leavers in this category is very low at almost 6%. This is likely to reflect the short duration of many of these projects.

On average, early leavers spent 21 weeks on their course - the average expected duration was 42 weeks. A summary of the main reasons for leaving the project early is shown in Table 5.3 (Table C.30). The two main reasons for leaving early were that they had found employment (30%) or the project was not what they had expected (25%) Of those finding employment the majority entered full-time employment. This compares with final claim form data where approximately 35% of early leavers obtained employment in 1994 (Table A.6) and 34% in 1995 (Table A.6)

A variety of reasons were given by respondents when asked to explain why "the project was not what was expected". The main reasons included:

* it was a bad course/bad teaching (18 responses);
* there were not enough placements (6 responses);
* the qualification could not be achieved in the time available/qualification was not enough (8 responses);
* the course was boring (3 responses); and
* there was no "hands-on" experience (2 reponses).

Table 5.3
Main Reasons for Leaving Project Early

	No.	%
Full-time Employment	38	21.5
Part-time Employment	12	6.7
Started Own Business/Self-Employment	3	1.6
Started Different Training Course	6	3.4
Not What Was Expected	43	24.5
Financial Problems	14	8.1
Domestic Problems	13	7.9
Health Reason	18	10.0
Asked to Leave/Failed	8	4.5
Course Stopped	10	5.6
Other	19	10.7
No Response	2	1.1

It was noted above that the proportion of early leavers who were single with responsibility for childcare was twice the proportion of completers. This raises the issue of whether domestic circumstances are the main cause of the higher rate of early leaving in this group. This however, would appear not to be the case. The main reasons why early leavers who were single with responsibility for childcare left the project are:

* 50% left early because the course was not what was expected;

* 25% found part-time employment;

* 19% left early for domestic reasons; and

* 6% found full-time employment.

Thus while single persons with childcare responsibilities were more likely than others to leave for domestic reasons, this cannot account for all of the higher rate of early leaving among this group.

The issue of financial support while attending projects was considered above. Of the respondents who stated that financial problems were the main reason for leaving the project early, 67% were claiming benefit, 11% were supported by parents, 11% were working and 11% were using savings.

The success rate for qualifications among early leavers was very low with only 26% obtaining any qualification from the project (Table C.31). In comparison, 82% of completers obtained a qualification from their projects. Details of the qualifications achieved are shown in Table C.. The difference in the achievement of qualifications between early leavers and completers was also confirmed by the analysis of final claim forms.

Table 5.4 and Table C.22 shows the post project employment status of completers and early leavers. Immediately following the project 44% of early leavers had a positive outcome - 39% were in employment and 5% were in training or education. This compares to the 47% of completers who had a positive outcome - 36% in employment and 11% in training or education. Therefore, immediately after the project a higher proportion of early leavers were in employment, but a lower proportion entered further education or training. Of the early leavers, 35% were unemployed immediately after the project compared to 34% of the completers.

Six months after the course 52% of early leavers had a positive outcome. The percentage in employment had risen to 46% and the percentage in training had also risen slightly to 6%. This had been accompanied by a reduction in the percentage who were unemployed to 31%. For completers six months after the course, the percentage with a positive outcome had risen to 61% - 49% in employment and 12% in training. The level of completer unemployment had also fallen to 22%.

Eighteen months after the project, there has been little change in the status of early leavers with 44% in employment. The percentage on a training course has fallen to 3% (such that 47% of early leavers had a positive outcome), and the percentage who are unemployed is 33%. For early leavers, 20% of the unemployed have been unemployed for over 12 months.

Eighteen months after the project, the performance of completers is better than that of the early leavers. In total, 70% had a positive outcome - 60% in employment and 10% in further education or training. The percentage of completers who were unemployed after 18 months has also fallen to 15%, but 11% have been unemployed for over 12 months. Hence, although the percentage of completers and early leavers entering employment and unemployment immediately after the project were similar, 18 months later the performance of completers is much better.

Table 5.4 Post Project Employment Status, %		
	Completers	**Early Leavers**
Employment		
Immediately After	36	39
6 months After	49	46
Now	60	44
Further Training		
Immediately After	11	5
6 months After	12	6
Now	10	3
Unemployed		
Immediately After	34	35
6 months After	22	31
Now	15	33

From Table 5.4 it is concluded that the early leavers who enter employment immediately following the project are likely to remain in employment. The main difference between completers and early leavers is in the unemployed. In particular, completers who are unemployed immediately after the project tend to find employment eventually whereas early leavers who are unemployed immediately after the project tend to remain unemployed. Further details are provided in Table C.25 which provides a description of how respondents have spent their time since the project.

The Table shows that 28% of completers described their first six months following the project as "unemployed seeking work". The comparable figure for early leavers was 37%. When asked to describe the 18 month period following the project, the proportion of completers who had been unemployed and seeking work had fallen to 13%. The figures for early leavers show a much smaller proportionate fall with 27% of respondents being unemployed and seeking work.

Those respondents in employment or training were asked to rate the importance of the course in achieving employment or training (Table C.26). Of completers, 74% felt that the project had been quite important or very important. This compares to 47% of early leavers who felt the project had been very important or quite important in achieving their job or training.

In terms of the course having a positive effect, the main responses were:

* 24% of completers stated that they needed the course qualification in order to obtain the job or training compared to 11% of early leavers;

* 17% of completers stated that the project had up-graded their skills or they had learnt new skills compared to 13% of early leavers;

* 10% of completers stated that the course had not helped them to get a job compared to 17% of early leavers; and

* 8% of completers felt that the training was inadequate or irrelevant compared to 15% of early leavers.

Respondents were also asked if they felt they had gained any other benefits from the course (Tables C.27 and C.28). For completers, 46% felt that they had benefited in other ways. In particular, they felt that the project had improved their confidence or social skills (38%) and that they had learned new skills (33%). The proportion of early leavers that felt they had benefited from the course was lower (23%), with improving confidence and social skills and learning new skills the main benefits.

Table 5.5 shows how completers and early leavers rated the quality of the course. Not surprisingly a higher proportion of completers rated the various aspects as good or very good. In general, the content of the course and enhancing the participants skill scored well with support services performing less well. The range for scores runs from 1 (very poor) to 5 (very good).

Table 5.5
Assessment of Quality of the Course, %

	Good or Very Good		Poor or Very Poor		Average Score	
	Completers	Early Leavers	Completers	Early Leavers	Completers	Early Leavers
Course Organisation	67	43	8	24	3.8	3.2
Content	73	45	9	24	3.9	3.2
Relev. to Needs	66	47	13	33	3.8	3.2
Enhancing Skills	75	44	12	31	4.1	3.1
Support Services	58	29	23	40	3.6	2.8

QUALIFICATIONS GAINED

Table 5.6 shows the qualifications obtained by early leavers by employment status immediately after the course and six months after the course.

Table 5.6 Early Leaver Qualifications (%)				
	Immediate Employment Status		Employment Status after 6 months	
	Full Time Employment	Unemployed	Full Time Employment	Unemployed
Other	0.0	14.3	6.3	6.7
C&G, RSA,	42.1	28.9	50.0	40.0
SCOTVEC	36.8	35.7	25.0	33.3
NVQ Level 2 or below	21.1	21.4	18.8	20.0
No Qualifications				

There was little difference in the proportion of early leavers obtaining a NVQ Level 2 or below qualification when considering their immediate employment status. That is, of early leavers who immediately entered full time permanent employment 37% had obtained NVQ level 2 or below compared with 36% of those who were unemployed. Some 21% of early leavers in full-time employment or unemployed obtained no qualifications. The main difference was in the proportion entering employment with a C&G, RSA, SCOTVEC qualification.

Of the early leavers who were in full time employment 6 months after leaving the course 25% had obtained NVQ level 2 or below compared with 33% of the unemployed. Of the full time employed, 50% had a City and Guilds/RSA/SCOTVEC compared with 40% of the unemployed.

Length of Time Spent on Course

Table 5.7 shows that early leavers without prior qualifications tended to stay on their courses for longer than those with prior qualifications.

Table 5.7 Length of Time on Course by Prior Qualification		
	Prior Qualifications %	No Prior Qualifications %
0-10	45.4	32.8
11-20	22.7	24.1
21 or more	31.2	43.1

Table 5.8 shows the pre-course status of early leavers by length of time on the course. Of those in full-time employment (62%) stayed for less than 10 weeks compared to only 43% of the unemployed. In fact those unemployed prior to the course are significantly more likely to stay for longer than 10 weeks.

Table 5.8 Pre Course Status by Length of Time on Course			
	0-10 weeks	11-20 weeks	21 or more
Full Time Employment	61.5	7.7	30.8
Unemployed	42.9	28.6	28.6

Table 5.9 shows how length of stay relates to labour market experience over a period of 6 months to 18 months after leaving the project. Short duration's of stay on a course significantly hamper employment prospects. In general the longer the stay then the more likely a beneficiary will spend most of their time in employment and less time in unemployment, a finding that was also apparent in the econometrics study.

Table 5.9 Post Course Labour Market Status (6 and 18 months) by Length of Stay on Course						
	6 months			18 months		
	0-10 weeks	11-20 weeks	21 or more	0-10 weeks	11-20 weeks	21 or more
Full Time Employment	25.5	25.5	49	29.3	24.4	46.3
Unemployed	47.5	25.4	27.1	39.5	32.6	27.9

A clear pattern also emerges with respect to qualification gained and length of stay on course, which is shown in Table 5.10. In general the longer the early leaver spends on the course then the greater the chance of obtaining a qualification. This is especially true of NVQ Level 2 qualifications or below and C&G,RSA,SCOTVEC qualifications. Furthermore, the percentage leaving with no qualifications falls substantially.

Table 5.10 Qualification Gained by Early Leavers by Length of Stay on Course			
	0-10 weeks	11-20 weeks	21 or more
Other	16.7	33.3	6.9
C&G, RSA, SCOTVEC	0.0	33.3	37.9
NVQ Level 2 or below	16.7	16.7	44.8
None	75.0	22.2	10.3

EARNINGS

Table 5.11 shows the proportion of early leavers and completers earning £100 per week or less, £100-£200, and more than £200 per week both for their current job (18 months after the project) and their last job prior to attending an ESF project. The figures presented are gross wages. It should be noted that they relate to different points in time which make direct comparisons difficult as there will have been inflation effects. There are also issues surrounding the ability of respondents to recall their wages in their last job accurately and whether there has been any move from part-time to full-time work. There factors all affect the reliability of the comparisons.

However, the most striking feature of the table is the fact that the proportion of early leavers and completers earning less than £100 per week fell after the course. The proportion earning more than £200 per week shows very little change. It would appear that the ESF project has lifted beneficiaries out of a very low wage earning bracket into a higher bracket.

Table 5.11
Weekly Earnings: Present and Last Job

	Present job			Last job		
	£100 p.w or less	£100 - £200 p.w	More than £200 p.w	£100 p.w or less	£100 - £200 p.w	More than £200 p.w
Completers	27.5%	48.9%	17.6%	49.1%	35.7%	15.2%
Early Leavers	25.4%	56.7%	17.9%	42.5%	40.3%	17.2%

Wage levels are shown in Table 5.12. There was very little difference in earnings between the completers and early leavers though the early leavers did work longer hours. After attending the project early leavers increased their wages by 17% compared to 25% for the completers. In both cases the number of hours worked fell. It would appear that for the majority of early leavers and completers, their period of training was **equally** effective in raising their hourly wage.

Table 5.12
Weekly, Hourly, and Hours of Work: Present and Last Job

	Present job					Last job				
	Mean Weekly £	Mean Hourly £	Mean Hours	Min Hourly £	Max Hourly £	Mean Weekly £	Mean Hourly £	Mean Hours	Min Hourly £	Max Hourly £
Completers	160..37	4.75	34.14	0.54	10.00	122.28	3.76	33.02	0.42	12.05
Early Leavers	161.57	5.30	35.71	1.40	16.67	138.12	3.73	35.79	0.88	8.00

ANALYSIS BY PRIORITIES

This section provides a summary of the main results by priority. It should be noted that for a number of respondents the priority under which they received training was not known. Hence, the results are based on 184 completers and 132 early leavers. The results for Priority 4 should be treated with caution as the sample size was very small. Table 5.13 shows the qualification gained by priority. As expected, a higher proportion of early leavers obtained no qualifications across Priorities 1-3 when compared to completers. A higher proportion of completers obtained a C&G,RSA,SCOTVEC qualification; over 54% of Priority 2 completers obtained such qualifications.

Table 5.13
Qualification Gained by Priority

	Early Leaver				Completer			
	Priority %				Priority %			
	1	2	3	4	1	2	3	4
Other	11.1	14.3	17.6	100.0	17.4	17.1	8.7	9
C&G, RSA, SCOTVEC	11.2	28.5	29.5	0	29	54.3	45	27.3
NVQ Level 2 or less	44.4	42.9	23.5	0	27.5	20	33.3	36.4
None	33.3	14.3	29.4	0	26.1	8.6	13	27.3

Note: The number of interviews in Priority 4 was less than 15 for both completers and early leavers. Hence, the results should be treated with caution.

For those completers and early leavers in employment or training, Table 5.14 shows the importance of the project by priority. There are some significant differences between early leavers and completers. Under Priority 1, 70% of early leavers felt that the project had played no importance in their acquisition of any subsequent job or training compared to just 25% of completers. Not surprisingly approximately 75% of completers across Priorities 1-3 felt that the projects were quite or very important. For early leavers under Priority 1 only 30% felt that the project was quite or very important compared to 57% under Priority 3

Table 5.14
Importance of Course by Priority

	Early Leaver				Completer			
	Priority %				Priority %			
	1	2	3	4	1	2	3	4
Not Important	69.6	52.6	43.2	87.5	24.5	18.2	26.4	28.6
Quite Important	17.4	42.1	32.4	0.0	32.7	36.4	32.1	42.9
Very Important	13.0	5.3	24.3	12.5	42.9	45.5	41.5	28.6

Table 5.15 shows the labour market status of completers by priority with the information for early leavers shown in Table 5.16. Although the results are reported for Priority 4, it should be remembered that the sample size is very small.

Table 5.15
Priority by Labour Market Status
Completers

	Immediate Status %		6 months %		Status Now %	
	Full Time Employment	Unemployed	Full Time Employment	Unemployed	Full Time Employment	Unemployed
Priority 1	22.9	50.0	50.0	26.5	58.0	23.2
Priority 2	65.7	14.3	68.6	8.6	80.0	2.9
Priority 3	36.8	30.9	47.1	22.1	56.7	13.4
Priority 4	27.3	27.3	36.4	27.2	54.5	27.2

Table 5.16
Priority by Labour Market Status
Early Leavers

	Immediate Status %		6 months %		Status Now %	
	Full Time Employment	Unemployed	Full Time Employment	Unemployed	Full Time Employment	Unemployed
Priority 1	27.1	47.9	29.2	43.8	34.0	36.2
Priority 2	72.7	18.2	73.9	17.4	77.3	13.6
Priority 3	41.5	34.0	50.0	29.6	43.3	32.1
Priority 4	11.1	33.3	20.0	11.1	30.0	40.0

Immediately following the project 23% of Priority 1 completers were in employment and 50% were unemployed. This compares to 27% of Priority 1 early leavers who were in employment and 48% who were unemployed. For completers under Priority 1 the percentage in employment rises as time passes such that 58% were in employment 18 months after the project. The percentage of early leavers under Priority 1 in employment also rose following the project to 34%, but the differential between completers and early leavers in employment widened significantly.

Under Priority 2, the majority of completers (66%) and early leavers (73%) were in employment immediately following the course and this increased through time. After 18 months, 80% of Priority 2 completers and 77% of Priority 2 early leavers were in employment. In terms of employment, there is little difference between completers and early leavers. However, the percentage of early leavers under Priority 2 who are now unemployed is much higher than that for completers as a much higher proportion of completers are entering further education or training.

A similar pattern emerges under Priority 3 for both completers and early leavers to that of Priority 1. Immediately following the project 37% of completers were in employment, as were 42% of early leavers. After 18 months the percentage in employment had risen to 57% for completers, but it had only increased slightly to 42% for early leavers. There was also little change in the percentage of early leavers who were unemployed over time, but the percentage of completers who were unemployed fell from 31% to 13% after 18 months.

SUMMARY

The survey results described above show that persons who completed their projects were more likely to experience positive outcomes (found employment or entered training) than early leavers. While the difference between completers and early leavers was not large immediately after the project, the longer the time elapsed following the project, the greater the difference in positive outcomes between completers and early leavers;

Early leavers had an advantage in gaining employment over completers on immediately leaving the project and this was the case for training received under any priority though Priority 2 had a very high success rate for the early leavers. However, completing the project does eventually pay off as 18 months after the project, completers were more likely to be in employment and less likely to be unemployed.

It would also appear to be the case that the early leavers who gain employment immediately following the project tend to remain in employment as time passes. This is also the case for early leavers who are initially unemployed. That is, they tend to remain unemployed as time passes. For completers however, those who are initially unemployed do tend to find employment as time passes.

In terms of gaining a qualification from the project, completers are almost four times more likely to achieve a qualification than early leavers. Overall, completers rated the quality of the projects more highly than early leavers.

There was a clear relationship between length of time spent on the project and employment status and qualification gained. The longer the stay on the project, the smaller the proportion entering unemployment when leaving. This relationship was also found to be true for a period of 6 and 18 months after leaving.

Beneficiaries who stayed longer than 20 weeks on a course were much more likely to obtain a higher level qualification than those who stayed for less than 10 weeks. Beneficiaries in this latter category were also more likely to obtain no qualifications. Proportionately fewer beneficiaries with prior qualifications were likely to stay longer than 20 weeks on a course compared to those with no prior qualifications.

In terms of earnings both completers and early leavers managed to increase their weekly wage relative to their last job, significantly more of both categories were earning between £100 and £200 per week. On average weekly earnings increased by 13.3% for early leavers and 15.5% for completers. Average hourly wages increased for all beneficiaries.

Early leavers were less likely to obtain any qualification and of those who did, they were more likely to only achieve NVQ level 2 or below. Completers were also significantly more likely to obtain higher level qualifications than early leavers and to rate their training as being very important to their subsequent success in obtaining employment or further training.

In conclusion we can say that on leaving their course, primarily to take up employment or as a result of becoming disillusioned, early leavers are not at a labour market disadvantage compared to completers. A disadvantage in terms of hiring does eventually emerge with completers significantly more likely to be in full time employment than the early leavers. However, if early leavers could be persuaded to stay for an additional 10 weeks on their course then their prospects of employment would be significantly enhanced. The early leavers however, do not suffer any wage disadvantage and the projects that they undertake do appear to benefit them in raising them out of a very low wage bracket. Hence, early leavers **do** appear to benefit from ESF funded courses, although over time completers of the courses appear to gain more benefit.

6. ADMINISTRATIVE AND FINANCIAL STRUCTURE

INTRODUCTION

This section describes and assesses the administrative and financial structure of the Objective 3 Programme. It is based on consultations with sector managers and policy makers. The section considers the processes of project selection and targeting, partnership, the structure of the programme and the overall effectiveness of the structure. A list of the sectors between which resources are allocated is contained in Appendix C.

BACKGROUND

The ESF Objective 3 is based on a plan presented in the form of a **single programming document**, or the **SPD** as it is commonly referred to, as provided for in Article 5(2) of Council Regulation no 2082/93. The SPD sets out the aims, objectives, priorities and implementation mechanism for Objective 3, as agreed by the UK government and the European Commission.

The regulations covering the three European Union Structural Funds (the European Regional Development Fund, the European Social Fund and the European Agricultural Guidance and Guarantee Fund) were revised by the Council of Ministers in July 1993. As a result, the scope of the ESF was widened to include actions to develop all aspects of human resources and improve the functioning of the labour market. The revisions were designed to provide a more effective and flexible response to changing labour market circumstances. A new Objective 4 was created to assist those already in employment to adjust to the demands of industrial restructuring.

Objective 3, was extended to cover those exposed to exclusion from the labour market as well as continuing the focus on young people and the long term unemployed. Thus the new Objective 3 essentially covered the types of programmes previously covered by Objectives 3 and 4 in the 1991-93 programme.

GENERAL PRINCIPLES OF THE EUROPEAN STRUCTURAL FUNDS

The four guiding principles of the funds remained the same. They are:

1. concentration principle; - that community assistance is concentrated on the most important needs and the most effective operations;

2. partnership: - management of the fund is the responsibility of a partnership of all relevant representatives;

3. programming: - the revised regulations permit up to a six year programming period. In this case the UK has adopted a three year programme 1994-96;

4. additionality: - expenditure on Objective 3 should achieve a clear additional impact.

There have been a number of important changes in the Objective 3 programme over recent years. The most significant of these concern:

* the requirement for the concentration of ESF resources on particular client groups;

* the administration and procedures for implementing the ESF; and

* the increased emphasis on an integrated package of measures to provide a comprehensive route to the labour market.

In the remainder of this section we focus on changes in and the effects of the administrative and financial structure of the Objective 3 programme.

Prior to 1990, bidding for ESF funding had been direct to the Commission. For the first time the 1990-93 programme delegated responsibility for the programme allocation and management, as well as project selection, to member states.

In the UK, a number of sector bodies were given responsibility for administering the bidding and selection process for their particular sectors. Underlying this process was an allocation of ESF resources between sectors. The rationale for this allocation was essentially a reflection of the take up of resources under the previous programme.

Each sector is given an annual allocation which is split 12 ways, by priority and measure. This split is now made in line with the SPD allocations. Given that the sectors may well have different focuses, both in terms of target groups and actions, their use of resources often does not match the matrix allocation. In order to ensure that they use their full allocation, a number of options can be pursued:

* sector managers can encourage bidders to apply to measures which are likely to be underbid within their sector. Given the structure of the measures, there can be scope for the same project to bid into different measures; and

* trading allocations between the sectors can take place to match the anticipated pattern of bids to the resources available. This occurs at the start of each year and again when the profile of bidding between priorities and measures is clear to the sector co-ordinators.

The sectors feel that the system of trading allocations has worked well. However, a number of the larger sectors, which typically take a more complex approach to bidding, are less able to respond quickly. In this instance, it takes them longer to identify where they are under and over bid, by which time much of the trading has occurred, providing less scope for a quick and efficient trade to occur.

A number of non-government sectors further sub-divide their allocation on a regional basis. For example, the local authority sector sub-divides the allocation to regions on the basis of relative unemployment rates.

ADMINISTRATIVE STRUCTURES

The administrative structures for the programme in the UK are generally perceived to be bureaucratic, involving too many distinct groups and too little focus:

* **Monitoring Committee**: views differ markedly as to the usefulness of this committee. A strong view was that it concerns itself too much with the practical day to day management of the programme, devotes insufficient time to key policy issues and includes too many representatives who lack detailed knowledge of the programme. A related view was that too much of the committee's time is taken up by the ratification of decisions taken by the core group. The **Evaluation Standing Group** is an Objective 3 sub-committee which reports to the Monitoring Committee.

* **Core Group**: this group is seen to be very valuable in the extent to which it discusses operational matters arising from the programme. The group, consisting of people who have an in-depth understanding of the programme, has provided a good platform for policy discussion and formulation.

* **Priority Groups**: generally perceived to be of limited usefulness, lacking a clear agenda for their work and often with marked overlaps with each other.

* **Regional Co-ordinating Groups**: once the sectors have selected projects for funding, they are presented on a regional basis to the Regional Co-ordinating Groups (RCGs). However, the groups are commonly perceived as undertaking little more than a rubber stamping exercise. In some cases (including Wales and Scotland) an effort has been made to use the groups as an opportunity to improve cohesion between the sectors at a regional level.

COMPETITIVE BIDDING

The consultation indicated that the sectors run the project selection process on a competitive basis, although the extent and level of this competition does vary. In most instances the sector allocations are heavily oversubscribed e.g. the Higher Education (HE) sector has been three times over subscribed compared to one and a half times for the Women's' Training Network. The projects are scored and ranked within each sector, with the cut off point being determined by matching the funding requirement of the higher scoring projects with the available resources.

PROMOTING PARTICIPATION

The sector co-ordinators are responsible for encouraging organisations to bid for ESF resources. Apart from publicising the bidding rounds, the sectors provide background information on the programme, inform potential bidders of the eligibility and selection criteria and provide on-going support. A number of sectors - local authority, the Industrial Common Ownership Movement (ICOM) publish occasional newsletters which are circulated to potential bidders. The Scottish Council for Voluntary Organisations (SCVO) also runs courses for organisations planning on bidding for funds.

In most sectors, the actual number of bidders is markedly less than the number of potential bidding organisations. For this reason it is quite common for sectors to try to broaden the participation. However, it is recognised that organisations do not often wish to participate in ESF, possibly due to a lack of matching funding or the reputation which ESF has gained for its practical problems.

SELECTION PROCESS

The approach to project selection is broadly similar between sectors. The sectors apply national and sector specific eligibility and selection criteria. The eligibility criteria are used as a means of excluding potential organisations and bids which do not fit with ESF and the selection criteria relate to the projects put forward by the organisations. A number of sectors have developed extensive eligibility criteria. For example, the Women's' Training Network has nine criteria in addition to the national criteria.

Whilst the national selection criteria are extensive, the sectors typically supplement them with sector-specific criteria. A scoring system is used to add rigor to the priorities which the sector criteria adopt. The scoring systems are fairly simple (e.g. the HE sector) allowing the quick and efficient assessment of often large numbers of applications.

An examination of a number of these systems suggests that the method of scoring is transparent. Whilst it is common for the scoring systems to closely mirror the national selection criteria, sectors have a degree of flexibility to design the scoring system in order to reflect their own priorities. The SCVO for example, has separate scoring systems for "new" and "existing". This allows approximately 50-70% of new projects to be funded while offering commitment to existing projects which are meeting their targets. In this way the system can be used to target ESF support upon the sectors' target groups.

The scoring of projects is undertaken by the sectors themselves, who receive technical assistance for this (and other tasks). The cut-off point for project approval is determined on the basis of matching the highest scoring projects to the available pot of money. Whilst in most sectors the cut-off point is the sole criteria, in others such as ICOM (co-operative and community development) projects falling within +/-5% of the cut-off point are re-assessed and re-scored. Also ICOM, as well as a number of other sectors (SCVO, Further Education Colleges Scotland), set a minimum standard which projects have to meet to be eligible for funding, e.g. projects must achieve 50% of the available points before they can progress.

The lists of projects proposed for funding are discussed and approved by the sectors' ESF committees, prior to being submitted to the Regional Co-ordinating Groups and the DfEE or The Scottish Office.

In general it is felt that the selection methodology is valid, reflecting the priorities and needs of the sectors.

TARGETING

The principle of targeting ESF support to those people who face difficulties in the labour market is clearly set out in the SPD. This in turn is reflected in the national selection criteria which are adopted by the sectors in their selection and scoring systems. The systems are used to varying degrees by the different sectors in order to target specific groups.

Given the nature of a number of sectors, they are heavily focused on specific target groups (e.g. Women's' Training Network is focused on women). However, other sectors are not focused upon any specific target group, other than those target groups which are identified in the SPD (e.g. the local authority sector).

An examination of the sectors which participate in Objective 3 would suggest that all of the target groups identified in the SPD are covered by one or other sector. Yet this does not necessarily suggest that the needs of the most disadvantaged in the labour market are being met. The consultees were broadly of the opinion that these needs are addressed, although this was largely a "gut feeling". There is also little doubt that "cherry picking" does occur, whereby the most able among the target groups are selected first. However, this may not be intentional, since the most disadvantaged are typically the hardest to engage. The HE sector is an interesting case which, due to the nature of its core provision, concentrates on those who are already relatively well qualified and unlikely to be the most disadvantaged.

ADMINISTRATIVE AND FINANCIAL DELAYS

All of the consultees were critical of the administrative and financial burdens which bidding for ESF through Objective 3 creates. However, most are resigned to the fact that the situation is unlikely to improve. The main causes are believed to be:

* the annual basis for funding: sector allocations are announced at the end of the year, applications are sought and assessed in the early part of the funding year with approvals thereafter. Some organisations are prepared to commence in the absence of an approval letter, but others are unable to bear such a risk. Multi-annual funding overcame this problem in some instances, but this has been limited to the period 1995-96;

* changes in allocations: the failure of the programme to achieve the profiled spend in the SPD in 1994 and 1995, led to the need for the UK government to seek virements between measures. These modifications have caused delays in the approval of sector allocations;

* understaffing: there is the belief that the ESF unit is understaffed at the time of the year when the applications from projects which are approved in principle are received. Many of the staff involved in the processing of the applications are temporary, requiring training for the task; and

* delays in paying grant: DfEE have experienced problems in drawing monies down from Europe, with an escalation of this over the life of the programme as initial delays have led to subsequent delays. This has caused problems for projects, particularly those whose organisations cannot underwrite the project until the payment is made.

THE 1994-96 PROGRAMME

The consultees were generally of the view that the programme had concentrated upon the target groups in most need. One consultee felt that a strength of the current programme was its targeting at a national level, with scope for each sector to refine this within their own particular sector. However, the actual justification for the selection of these groups was perceived to be unclear in that the analysis underpinning the selection of target groups in the SPD could not be readily cross-related to the economic analysis. The principle of concentration which was prescribed by the Commission for ESF Objective 3 was seen to have been achieved - resources were not spread too thinly.

The sectors raised various points, both positive and negative, about the structure of the programme. In terms of the priorities, views were varied, but one central theme was the difficulties caused by putting the disadvantaged into one priority group. This has led to high demand for the allocation within this priority. In addition, there was a strong argument that the equal opportunity priority had not functioned as well as intended, with many of the bids lacking any element of innovation.

The system of measures was seen by a number of consultees as being inflexible. The types of assistance available (i.e. choice and access, training and direct help into jobs) were believed to be broadly correct, but the use of discrete measures introduced artificial distinctions between activities and inflated bids for certain measures.

It is difficult to judge the extent to which projects offered integrated pathways or the extent to which the distinct measures encouraged or discouraged this. However, many of the sectors believed that a significant number of projects which came forward were integrating a number of forms of support.

A perceived strength of the current programme was its allocation of resources across sectors on a pre-defined basis. This meant that competition for funding was within sectors rather than between them. The sector approach allowed people with differing expertise to contribute to the programme as well as ensuring that together the sectors cover all target groups and actions. Indeed, some concern was expressed about the introduction of "open competition" in the new SPD, particularly with regard to problems of comparison. There was concern expressed about the ability to compare projects across measures and sectors, particularly where the sector was dealing with severely disadvantaged people who may not achieve a positive outcome, but they have benefited in another way e.g. increased confidence.

PARTNERSHIP

A theme which the Commission has emphasised for the current programme has been partnership between the economic and social actors involved in Objective 3. The consultees indicated that a spirit of partnership had been gained through the administrative system, which has brought the partners together to manage the programme. However, there is dissatisfaction among some sectors at the occasional decision which is taken unilaterally by the Commission or DfEE, without the wider agreement of the partnership. One consultee felt that the partnership which had been secured between the sectors had arisen primarily because they were not competing against each other for funding - a situation which will change during the next programme.

Partnerships between sectors at a project level are rare, with no mechanism in place for encouraging this. However, the adoption of regionalisation in the forthcoming programme may encourage greater partnership at this level, as organisations from across sectors collaborate in order to offer integrated provision that meets more localised needs. There was however, concern expressed by a number of smaller sectors which felt that they did not have the resources to adequately represent their sectors at all the regional committees.

Impact of Administrative and Financial Structures on Programme Effectiveness

The administrative and financial structures may impact on programme effectiveness by affecting the following elements:

(i) project selection and targeting;

(ii) delivery of projects; and

(iii) monitoring.

In terms of project selection the effect of administrative structures is considered to be positive. The eligibility criteria are thought to work well and the sectors own scoring systems for projects are transparent. They also allow the sectors to support projects which match most closely the sectors needs and priorities. The adoption of a minimum standard for projects or "quality threshold" ensures that the best projects are being supported.

The target groups identified in the SPD are covered by one or more sectors participating in Objective 3. Hence, the current allocation of funds on a sectoral basis allows complete coverage of the target groups. The move to "open competition" may result in a loss of projects for some target groups. The introduction of the Regional Co-ordinating Groups has added an additional layer of bureaucracy to the programme and has been ineffective in providing a regional direction or ensuring that duplication is avoided at the local level.

Project delivery involves the approval of projects and actual implementation of projects which have been approved.

The current administrative and financial structures have a negative effect on the successful delivery of projects. Excessive bureaucracy and lack of resources in approval procedures can delay the approval process. Delays in approving projects can delay projects for organisations not willing to commence a project in the absence of an approval letter. This can result in projects failing to spend the full allocations and hence, failure to meet key trigger points for drawing down monies from Europe.

Finally, the long term effectiveness of project delivery depends, in part, upon the monitoring of projects to assess delivery and identify areas where action is required.

CONCLUSIONS

Overall, the administrative and financial structure of the programme worked fairly well but the slowness of the approval process can, ultimately, reduce the effectiveness of project delivery.

The programme **has** helped a number of the smaller sectors to build their capacity and the involvement of a broader range of organisations has been secured, due to the efforts of the sectors to broaden participation in Objective 3. The administrative structure of the programme has also encouraged partnership.

On the negative side, the programme's complex administrative structure has caused problems. In particular, late approvals and payments have created difficulties for organisations which bid for ESF resources and deterred many potential organisations from bidding. Other consequences are under-spends and delays in project implementation, as a result of the initial late approval. The structure of the priorities has also led to some relatively minor problems, with disadvantaged groups distinguished from young people and the long term unemployed. This can distort and complicate the bidding pattern.

The efforts to bring a regional element to the programme have not worked particularly well. The extent to which the RCGs have provided a regional context influencing project selection has been very limited, in many cases only "rubber stamping" projects already selected by sectors.

It was suggested to **P***ieda* during the consultations that the most disadvantaged people do not gain most from the programme. While the Ecotec study of Targeting indicated that Objective 3 **was** assisting the appropriate broad client groups, our consultations raised some concern about prospects for the very disadvantaged. The incentives to find projects which will perform well in outcome terms may work against the interests of disadvantaged groups such as people with learning difficulties whose problems are severe and where obtaining positive labour market outcomes is very difficult. In this way, the assessment criteria and procedures may **reduce** the effectiveness of the programme's contribution to the objectives of assisting those "excluded" from the labour market.

7. CONCLUSIONS AND RECOMMENDATIONS

INTRODUCTION

In this final section of the report we draw together the main conclusions of the evaluation and set out recommendations for the future of the programme.

CONCLUSIONS

The conclusions set out below relate to the following topics:

* the performance of the Objective 3 programme and progress against its indicative targets;
* the value added generated by the Programme;
* the influence of beneficiary characteristics on outcomes;
* the implications of early leaving;
* the continued relevance of the SPD.

PERFORMANCE

The analysis of performance has been considerably compromised by serious weaknesses in the monitoring data. For certain measures these are no destination data for the great majority of beneficiaries. This problem is particularly pronounced in relation to Measure 1 (vocational guidance and counseling) - which is inherently difficult to monitor - but also affects Measure 2 (training) to a certain extent. Results have been presented which treat the "not knowns" as negative outcomes and which allocate them pro-rata with the known beneficiaries.

The most striking feature of the performance of the programme is that the throughput of individuals is far higher than the indicative targets in the SPD though expenditure has been no higher. This is particularly true in relation to Priority 1, Measure 1 but is also the case in Measure 2 for all Priorities. The exception to this pattern is Measure 3 (direct help into jobs) which has fallen far short of its forecasts in all Priorities.

As a result of this increased throughput, the financial performance indicators are almost all very favourable, with costs per beneficiary, per completer and per positive outcome which are lower in money as well as real terms, than in 1991. By these measures, the Objective 3 programme has progressed far beyond the level of activity which was forecast in the SPD.

This highlights the difficulty of forecasting activity levels on a programme of this nature. The number of people assisted with a given budget will be affected by such factors as the average course duration, the number of persons per course and the fixed and variable costs of course provision. In **addition** outcomes will be affected by economic conditions. The SPD forecasts did not present explicit assumptions on any of the above points and it is impossible to say, in a literal sense, why the forecasts proved to be 'too low'. At the same time, the reductions in cost per trainee, beneficiary and positive outcomes as compared with the previous SPD suggest that there has been an improvement in value for money from the programme. This conclusion would fall only if the SPD evaluated here involved less added value than in the previous SPD.

In 1994, the cost per person gaining employment ranged from £1,150 (Priority 3) to £4,770 (Priority 4). In 1995, the range was £1,920 (Priority 1) to £5,520 (Priority 2). In both years, the ESF cost per person gaining employment compared favourably to those achieved by ESF projects under the Objective I Merseyside Programme.

VALUE ADDED

The report has assessed the value added generated by the programme using three elements of evidence. The balance of evidence is that positive value added is associated with the programme. The various strands of evidence all indicate that unemployment among participants is lower than would be the case had those participants not undertaken the course concerned.

So far as this effect can be quantified, we would estimate, tentatively, that for every 100 young people (aged under 25) on Measure 2 courses, unemployment **among those participants** is reduced in the immediate aftermath by 15 - 35. This does **not** necessarily imply that national unemployment falls since the programme participants may substitute for other potential recruits to the jobs secured. The longer term effects are less clear but may be more positive.

The evidence suggests that training under Priority 2 has been particularly effective - completers and early leavers show high levels of positive outcomes. We do, however, have some reservations concerning these results. The climate for employment of younger people has certainly not worsened in recent years and therefore these people may have inherently good employment prospects. The positive results achieved by early leavers would be consistent with the view that many of those people have good job prospects.

The results for the long term unemployed are less positive but, it is interesting to note, early leaving has a far more adverse impact on outcomes than in the case of the younger age group. Over the period of the programme, long term unemployment has fallen steadily though the analysis of the JUVOS data indicates that Objective 3 participants have had better labour market outcomes than have other long-term unemployed people. Although, at face value, the programme for young people (Priority 2) has performed better than Priority 1, the less favourable conditions applying to the long-term unemployed must be taken into account so that added value may be greater for Priority 1.

BENEFICIARY CHARACTERISTICS

The analysis does indicate that beneficiary characteristics can influence outcomes significantly. The personal characteristics with the most significant effects relate to gender, health, disability and ethnicity and point to the still substantial problems faced by ethnic minorities and people with disabilities. Given this, it is inevitable that projects aimed at these groups may not appear to perform as well in terms of achieving a positive outcome.

The other characteristics which influence performance relate to **course** characteristics and location. There **may** be an inter-action between course characteristics and personal characteristics but this is not yet evident. For the sample as a whole, leaving the project early was estimated to reduce the persons probability of employment by approximately 5%.

IMPLICATIONS OF EARLY LEAVING

The analysis indicates that the impact of early leaving on outcomes varies across target groups. In particular, the effect of early leaving is very slight for young people , but its has a greater effect on the long-term unemployed. This does raise questions not so much about early leaving as about the true **value added** of the **specific** training for young people - i.e. the long term unemployed may, in fact, gain more from their training.

The survey results show that early leaving is often the result of a positive development (a job offer) and immediately following the project there is little difference in the labour market status of completers and early leavers. However, over time a gap emerges between completers and early leavers in terms of positive outcomes.

On average, early leavers left half-way through their courses with the main reasons for leaving early being that they had found employment or the project was not what was expected. The latter covering a variety of reasons including: it was a bad course/bad teaching; there were not enough placements; the qualification could not be achieved in the time available/the qualification was not enough; and there was no "hands-on" experience.

THE RELEVANCE OF THE 1994-96 SPD

For a number of reasons the SPD forecasts are of questionable relevance. The very substantial over-performance reported above calls into question the validity of the operational targets. There is a need for a more explicit target setting process in much of the underlying assumptions and the assessment of the impact of economic conditions is more transparent.

The second factor concerns the performance of the economy. There is little doubt that the economy is growing faster than was envisaged in the SPD and that unemployment has fallen faster. Despite what might be regarded a falling "need" the level of activity was, as seen above, higher than forecast.

The improved economic climate is likely, however, to be accompanied by continued regional and sub-regional disparities and, possibly, relatively greater problems for the most disadvantaged groups. The strategy and its implementation should reflect the likelihood that targeting and prioritisation will grow in importance if labour market disadvantage becomes more concentrated.

FURTHER ANALYSIS

As mentioned below, the standardisation of monitoring and follow-up data would have enabled a more detailed econometric analysis to be undertaken. For example, when the datasets were merged there was a loss of information relating to prior qualifications and previous labour market/unemployment experience which may be important factors affecting employment prospects.

RECOMMENDATIONS

Arising from the above analysis, the following recommendations are made in relation to the future of the programme:

* the implementation of the new SPD strategy should give careful consideration to the possible need for greater focus on highly disadvantaged groups and areas;

* the operation of multi annual funding as a means of avoiding underspends should be reconsidered;

* the simplified administrative structure of the new SPD should be used to reduce the apparent duplication of decisions and administrative procedures;

* efforts should be continued to speed up payments, particularly to voluntary groups;

* the collection of monitoring and follow up data should be standardised i.e. through the use of common questionnaire designs and coding schemes.

APPENDIX A

APPENDIX A: DETAILED ANALYSIS OF PERFORMANCE INDICATORS

INDICATIVE VERSUS ACTUAL OUTCOMES, 1994 AND 1995

A.1 Table A.1 shows the indicative and actual outcomes by priority and measure in 1994 with Table A.2 providing the same information for 1995. Measure 1 projects provide vocational access and guidance to participants and for Priorities 1 and 3 the number of beneficiaries in 1994 exceeded the indicative number (taken from the SPD) by over 570% and 1030% respectively. In contrast Priorities 2 and 4 failed to make their targets by 76% and 64% respectively.

Table A.1
Indicative and Actual Outcomes by Priority and Measure, 1994

	Priority 1	Priority 2	Priority 3	Priority 4
Measure 1				
Forecast Benef.	97,451	84,478	58,125	14,321
Actual Benef.	556,631	19,852	600,773	5,087
Completers	510,690	14,464	592,825	4,694
Early Leavers	38,860	683	1,580	134
Measure 2				
Forecast Benef.	96,530	72,091	53,971	17,245
Actual Benef.	190,117	214,033	140,079	19,171
Completers	81,033	46,280	39,564	9,713
Early Leavers	44,412	61,489	30,672	3,356
Measure 3				
Forecast Benef.	17,778	9,039	6,149	1,685
Actual Benef.	730	187	293	-(1)
Completers	378	136	221	-
Early Leavers	68	8	12	-

Source: SPD and data files supplied by DfEE

Notes: (1) There are no cases in this file, hence no data for Measure 343 in 1993/94

A.2 A similar result occurred in 1995 with the number of beneficiaries in priorities 1 and 3 exceeding the indicative number by 524% and 767% respectively. As with 1994, priorities 2 and 4 fell short of the forecast number of beneficiaries under Measure 1 by 69% and 36% respectively.

A.3 Measure 2 projects provide training for participants. A total of 563,400 beneficiaries attended training programmes in 1994 compared to the forecast number of 239,837. The actual number of beneficiaries exceeded the planned number across all the priorities, but the greatest divergence was in Priority 2 where actual beneficiaries were almost three times the number of planned beneficiaries.

Table A.2
Indicative and Actual Outcomes by Priority and Measure, 1995

	Priority 1	Priority 2	Priority 3	Priority 4
Measure 1				
Forecast Benef.	116,198	96,964	67,701	15,061
Actual Benef.	609,334	30,338	519,213	9,571
Completers	545,714	22,620	505,765	9,394
Early Leavers	57,256	3,544	2,923	159
Measure 2				
Forecast Benef.	115,099	82,746	62,862	18,135
	157,507	215,053	143,882	25,970
Actual Benef.	79,255	46,800	43,085	13,252
Completers	30,176	48,319	36,497	18,076
Early Leavers				
Measure 3				
Forecast Benef.	21,198	10,375	7,161	1,773
Actual Benef.	1,550	3,908	857	10
Completers	764	2,885	601	10
Early Leavers	224	429	67	0

Source: SPD and data files supplied by DfEE

A.4 A total of 542,412 persons received training (Measure 2) under Objective 3 in 1995 compared to the indicative target of 278,842 contained in the SPD. The actual number of beneficiaries exceeded the indicative target across all four priorities, but the greatest divergence was in priorities 2 and 3 where the actual beneficiaries was over twice the planned number.

A.5 Measure 3 projects provide direct help into jobs for participants. The forecast total of Measure 3 beneficiaries across the four priorities in 1994 was 34,651. The actual number receiving help was 1,210 with no beneficiaries under Priority 4.

A.6 In 1995 the SPD planned to assist approximately 40,500 persons under Measure 3 (direct help into jobs). The actual number in 1995 under this measure was 6,325.

Table A.3 Characteristics of Leavers, 1994				
	Priority 1	**Priority 2**	**Priority 3**	**Priority 4**
Unemployed				
Less than 6 months	33	107,904	55,688	279
6-12 months	85,021	9,465	204,527	737
12-36 months	468,882	4,501	68,037	11,637
36+ months	118,917	1,178	32,218	4,365
Returner	3,220	12	304,404	879
Total	676,073 (1)	123,060	664,874	17,897
Age				
Under 25	183,365	123,060	91,694	3,935
Over 25	492,708		573,180	13,962
Total	676,073(1)	123,060	664,874	17,897
Ethnic Origin				
White	570,486	112,034	152,817	14,160
Black/African/Cari	33,985	2,365	24,418	1,334
b	31,902	3,921	26,925	1,025
Asian	12,856	927	10,836	866
Other	26,844	3,813	449,878	512
Prefer not to say				
Total	676,073(1)	123,060	664,874	17,897
Disability				
With	64,200	12,349	36,853	740
Without	585,944	51,077	130,369	15,809
Prefer not to say	25,929	59,634	497,652	1,348
Total	676,073(1)	123,060	664,874	17,897

Source: Data files supplied by DfEE. Final Claim Forms

Notes: (1) This does not correspond to the total number of leavers in subsequent tables.

Table A.4
Characteristics of Leavers, 1995

	Priority 1	Priority 2	Priority 3	Priority 4
Unemployed				
Less than 6 months	432	105,851	235,720	1,350
6-12 months	146,513	10,444	149,142	867
12-36 months	426,339	6,567	100,996	15,156
36+ months	137,303	1,453	97,426	9,525
Returner	2,724	270	5,654	560
Total	713,311[1]	124,585[1]	588,938	27,458[1]
Age				
Under 16	0	0	0	0
Under 25	169,659	124,568	181,602	4,954
Over 25	543,652	17	407,336	22,504
Total	713,311	124,585	588,938	27,458
Ethnic Origin				
White	589,742	111,529	138,190	20,753
Black - Caribbean	9,330	2,382	8,375	1,279
Black - African	28,445	894	8,622	562
Black - Other	2,187	395	3,113	235
Indian	7,847	2,658	7,426	955
Pakistani	29,314	1,672	6,673	601
Bangladeshi	2,488	576	4,160	168
Chinese	478	157	722	118
Other	11,589	1,539	8,824	1,146
Prefer not to say	31,891	2,783	402,833	1,641
Total	713,311[1]	124,585[1]	588,938	27,458[1]
Disability				
With	72,349	3,659	38,964	1,096
Without	599,481	115,755	146,715	23,649
Prefer not to say	41,481	5,171	403,259	2,713
Total	713,311[1]	124,585[1]	588,938	27,458[1]

Source: Data files supplied by DfEE. Final Claim Forms

Notes: (1) This does not correspond to the total number of leavers in subsequent tables.

DESTINATION OF COMPLETERS AND EARLY LEAVERS

Table A.5
Known Completer Outcomes by Priority

1994	Priority 1		Priority 2		Priority 3		Priority 4	
	No.	%	No.	%	No.	%	No.	%
Employed	40,473	29.8	20,600	43.6	26,058	21.0	3,786	32.9
Educ/Tr.	57,356	42.2	17,673	37.4	60,708	49.0	5,365	46.6
Unemployed	29,709	21.9	6,227	13.2	27,976	22.6	1,778	15.4
Other	8,348	6.1	2,789	5.9	9,158	7.4	593	5.1
Tot. Known	**135,886**	**100.0**	**47,289**	**100.0**	**123,900**	**100.0**	**11,522**	**100.0**
Not Known	456,215	77.1	13,591	22.3	508,710	80.4	2,885	20.0
TOTAL	**592,101**		**60,880**		**632,610**		**14,407**	

1995	Priority 1		Priority 2		Priority 3		Priority 4	
	No.	%	No.	%	No.	%	No.	%
Employed	33,442	21.2	18,769	40.8	18,615	16.3	5,007	31.4
Educ/Tr.	66.915	42.3	18,353	39.9	48,578	42.4	6,113	38.3
Unemployed	57,749	36.5	8,825	19.2	47,273	41.3	4,831	30.3
Tot. Known	**158,106**	**100.0**	**45,947**	**100.0**	**114,466**	**100.0**	**15,951**	**100.0**
Not Known	467,628	74.7	26,358	36.5	434,985	79.2	6,705	29.6
TOTAL	**625,734**		**72,305**		**549,451**		**22,656**	

Source: Data files supplied by DfEE, Final Claim Forms

Notes: The not knowns are excluded from the above analysis

Table A.6
Known Completer Outcomes by Priority, Males

1994	Priority 1		Priority 2		Priority 3		Priority 4	
	No.	%	No.	%	No.	%	No.	%
Employed	21,506	28.6	12,210	44.8	14,134	20.9	453	31.7
Educ/Tr.	27,964,	37.2	9,713	35.6	31,966	47.3	369	25.8
Unemployed	21,028	28.0	3,782	13.9	16,470	24.4	504	35.2
Other	4,734	6.3	1,571	5.8	4,974	7.4	104	7.3
Tot. Known	**75,232**	**100.0**	**27,276**	**100.0**	**67,544**	**100.0**	**1,430**	**100.0**
Not Known	360,613	82.3	8,411	23.6	183,507	73.1	175	10.9
TOTAL	**435,845**		**35,687**		**251,051**		**1,605**	

1995	Priority 1		Priority 2		Priority 3		Priority 4	
	No.	%	No.	%	No.	%	No.	%
Employed	20,125	21.7	11,071	40.3	10,804	16.8	242	26.4
Educ/Tr.	33,198	35.8	10,948	39.9	25,053	38.9	419	45.7
Unemployed	39,509	42.6	5,451	19.8	28,474	44.3	255	27.8
Tot. Known	**92,832**	**100.1**	**27,470**	**100.0**	**64,331**	**100.0**	**916**	**100.0**
Not Known	366,975	79.8	14,355	34.3	141,249	68.7	395	30.1
TOTAL	**459,807**		**41,825**		**205,580**		**1,311**	

Source: Data files supplied by DfEE, Final Claim Forms

Notes: The not knowns are excluded from the above analysis

Table A.7
Known Completer Outcomes by Priority, Females

1994	Priority 1		Priority 2		Priority 3		Priority 4	
	No.	%	No.	%	No.	%	No.	%
Employed	18,967	31.3	8,390	41.9	11,924	21.2	3,333	33.0
Educ/Tr.	29,392	48.5	7,960	39.8	28,742	51.0	4,996	49.5
Unemployed	8,681	14.3	2,445	12.2	11,506	20.4	1,274	12.6
Other	3,614	6.0	1,218	6.1	4,184	7.4	489	4.8
Tot. Known	**60,654**	**100.0**	**20,013**	**100.0**	**56,356**	**100.0**	**10,092**	**100.0**
Not Known	95,602	61.2	5,180	25.9	325,203	85.2	2,710	21.2
TOTAL	**156,256**		**25,193**		**381,559**		**12,802**	

1995	Priority 1		Priority 2		Priority 3		Priority 4	
	No.	%	No.	%	No.	%	No.	%
Employed	13,317	20.4	7,698	41.7	7,811	15.6	4,765	31.7
Educ/Tr.	33,717	51.7	7,405	40.1	23,525	46.9	5,694	37.9
Unemployed	18,239	27.9	3,374	18.3	18,799	37.5	4,576	30.4
Tot. Known	**65,273**	**100.0**	**18,477**	**100.0**	**50,135**	**100.0**	**15,035**	**100.0**
Not Known	100,653	60.7	12,003	39.4	293,736	85.4	6,310	29.6
TOTAL	**165,926**		**30,480**		**343,871**		**21,345**	

Source: Data files supplied by DfEE, Final Claim Forms

Notes: The not knowns are excluded from the above analysis

Table A.8
Known Early Leaver Outcomes by Priority

1994	Priority 1		Priority 2		Priority 3		Priority 4	
	No.	%	No.	%	No.	%	No.	%
Employed	9,069	24.3	20,924	47.2	8,588	30.4	936	33.6
Educ/Tr.	2,342	6.3	9,062	20.4	6,056	21.4	353	12.7
Unemployed	20,785	55.8	10,502	23.7	10,412	36.8	1,069	38.4
Other	5,069	13.6	3,845	8.7	3,210	11.4	426	15.3
Total	**37,265**	**100.0**	**44,333**	**100.0**	**28,266**	**100.0**	**2,784**	**100.0**
Not Known	46,075	55.3	17,847	28.7	3,997	12.4	706	20.2
TOTAL	**83,340**		**62,180**		**32,263**		**3,490**	

1995	Priority 1		Priority 2		Priority 3		Priority 4	
	No.	%	No.	%	No.	%	No.	%
Employed	7,054	27.3	18,557	45.8	1,972	13.0	569	23.4
Educ/Tr.	1,056	1.7	8,356	20.6	1,145	7.5	198	8.2
Unemployed	17,733	68.6	13,605	33.6	12,071	79.5	1,662	68.4
Total	25,843	100.0	40,518	100.0	15,188	100.0	2,429	100.0
Not Known	61,813	70.5	11,774	22.5	24,299	61.5	2,554	51.3
TOTAL	**87,656**		**52,292**		**39,487**		**4,983**	

Source: Data files supplied by DfEE, Final Claim Forms

Notes: The not knowns are excluded from the destination analysis

Table A.9
Known Early Leaver Outcomes by Priority, Males

1994	Priority 1		Priority 2		Priority 3		Priority 4	
	No.	%	No.	%	No.	%	No.	%
Employed	6,056	22.7	12,011	45.7	5,031	29.1	353	30.7
Educ/Tr.	1,476	5.5	5,588	21.3	3,658	21.1	100	8.7
Unemployed	15,920	59.6	6,580	25.1	6,839	39.5	603	52.4
Other	3,250	12.2	2,082	7.9	1,768	10.2	94	8.2
Total	**26,702**	**100.0**	**26,261**	**100.0**	**17,296**	**100.0**	**1,150**	**100.0**
Not Known	37,512	58.4	10,748	29.0	2,263	13.1	133	10.4
TOTAL	**64,214**		**37,009**		**19,559**		**1,283**	

1995	Priority 1		Priority 2		Priority 3		Priority 4	
	No.	%	No.	%	No.	%	No.	%
Employed	4,939	25.7	11,081	44.7	611	6.7	138	61.1
Educ/Tr.	534	2.8	5,028	20.3	553	6.1	31	13.7
Unemployed	13,742	71.5	8,696	35.1	7,925	87.2	57	25.2
Total	**19,215**	**100.0**	**24,805**	**100.0**	**9,089**	**100.0**	**226**	**100.0**
Not Known	50,271	72.3	6,572	20.9	13,933	60.5	59	20.7
TOTAL	**69,486**		**31,377**		**23,022**		**285**	

Source: Data files supplied by DfEE, Final Claim Forms

Notes: The not knowns are excluded from the destination analysis

Table A.10
Known Early Leaver Outcomes by Priority, Females

1994	Priority 1		Priority 2		Priority 3		Priority 4	
	No.	%	No.	%	No.	%	No.	%
Employed	3,013	28.5	8,913	49.3	3,557	32.4	583	35.7
Educ/Tr.	866	8.2	3,474	19.2	2,398	21.9	253	15.5
Unemployed	4,865	46.1	3,922	21.7	3,574	32.6	466	28.5
Other	1,819	17.2	1,763	9.8	1,442	13.1	332	20.3
Total	**10,563**	**100.0**	**18,072**	**100.0**	**10,971**	**100.0**	**1,634**	**100.0**
Not Known	8,563	44.8	7,099	28.2	1,734	13.6	573	26.0
TOTAL	**19,126**		**25,171**		**12,705**		**2,207**	

1995	Priority 1		Priority 2		Priority 3		Priority 4	
	No.	%	No.	%	No.	%	No.	%
Employed	2,115	31.9	7,476	47.6	1,361	22.3	431	19.6
Educ/Tr.	522	7.9	3,328	21.2	592	9.7	167	7.6
Unemployed	3,991	60.2	4,909	31.2	4,146	68.0	1,605	72.9
Total	**6,628**	**100.0**	**15,713**	**100.0**	**6,099**	**100.0**	**2,203**	**100.0**
Not Known	11,542	63.5	5,202	24.9	10,366	63.0	2,495	53.1
TOTAL	**18,170**		**20,915**		**16,465**		**4,697**	

Source: Data files supplied by DfEE, Final Claim Forms

Notes: The not knowns are excluded from the destination analysis

Table A.11
Known Leaver Outcomes by Priority

1994	Priority 1		Priority 2		Priority 3		Priority 4	
	No.	%	No.	%	No.	%	No.	%
Employed	49,542	28.6	41,524	46.4	34,646	22.8	4,722	33.0
Educ/Tr.	59,698	34.5	26,735	29.2	66,764	43.9	5,718	40.0
Unemployed	50,494	29.2	16,729	18.3	38,392	25.2	2,847	19.9
Other	13,417	7.7	6,634	7.2	12,368	8.1	1,019	7.1
Total	**173,151**	**100.0**	**91,622**	**100.0**	**152,170**	**100.0**	**14,306**	**100.0**
Not Known	502,290	74.4	31,438	25.5	512,707	77.1	3,591	20.1
TOTAL	**675,441**		**123,060**		**664,877**		**17,897**	

1995	Priority 1		Priority 2		Priority 3		Priority 4	
	No.	%	No.	%	No.	%	No.	%
Employed	40,496	22.0	37,326	43.2	20,587	15.9	5,576	30.3
Educ/Tr.	67,971	37.0	26,709	30.9	49,723	38.4	6,311	34.3
Unemployed	75,482	41.0	22,430	25.9	59,344	45.8	6,493	35.3
Total	**183,949**	**100.0**	**86,465**	**100.0**	**129,654**	**100.0**	**18,380**	**100.0**
Not Known	529,441	74.2	38,132	30.6	459,284	78.0	9,259	33.5
TOTAL	**713,390**		**124,597**		**588,938**		**27,639**	

Source: Data files supplied by DfEE. Final Claim Forms

Notes: The not knowns are excluded from the destination analysis

COMPARISON OF APPLICATION AND FINAL CLAIM FORMS

Table A.12
Analysis of Application and Final Claim Forms, by Priority, 1994

			Variance	
	Planned	**Actual**	**No.**	**%**
Priority 1				
Beneficiaries	710,332	747,478	+37,146	+5.2
Public Finance	241.2	233.9	-7.3	-3.0
Private Finance	2.4	2.5	0.1	+4.2
ESF Finance	146.5	139.8	-6.7	-4.6
Revenue Finance	1.1	1.1	0.0	0.0
Total	391.2	377.3	-13.9	-3.6
Priority 2				
Beneficiaries	203,209	234,072	30,863	15.2
Public Finance	195.5	188.8	-6.7	-3.4
Private Finance	3.1	2.2	-0.9	-29.0
ESF Finance	120.2	115.2	-5.0	-4.2
Revenue Finance	4.9	4.9	0.0	0.0
Total	323.7	311.1	-12.6	-3.9
Priority 3				
Beneficiaries	492,045	741,145	249,100	50.6
Public Finance	130.8	126.2	-4.6	-3.5
Private Finance	1.7	2.7	+1.0	+58.8
ESF Finance	84.0	79.7	-4.3	-5.1
Revenue Finance	2.7	2.6	-0.1	-3.7
Total	219.2	211.2	-8.0	-3.6
Priority 4				
Beneficiaries	24,010	24,258	+248	1.0
Public Finance	22.1	19.7	-2.4	-10.9
Private Finance	0.4	0.4	0.0	0.0
ESF Finance	18.0	15.8	-2.2	-12.2
Revenue Finance	0.3	0.3	0.0	0.0
Total	40.8	36.2	-4.6	-11.3

Source: Data files supplied by DfEE, Application and Final Claim Forms
Notes: Finance data are shown in millions of £

Table A.13
Analysis of Application and Final Claim Form Data, 1995

			Variance	
	Planned	**Actual**	**No.**	**%**
Priority 1				
Beneficiaries	786,586	768,391	-18,195	-2.3
Public Finance	212.7	224.7	12.0	5.6
Private Finance	2.2	2.5	0.3	13.6
ESF Finance	141.8	134.1	-7.7	-5.4
Revenue Finance	1.4	1.7	0.3	21.4
Total	358.1	363.0	4.9	1.4
Priority 2				
Beneficiaries	206,135	249,299	43,164	20.9
Public Finance	178.1	224.3	46.2	25.9
Private Finance	2.7	3.5	0.8	29.6
ESF Finance	112.7	125.7	13.0	11.5
Revenue Finance	3.0	3.6	0.6	1.2
Total	296.5	357.1	60.6	20.4
Priority 3				
Beneficiaries	344,983	663,952	318,969	92.5
Public Finance	164.8	158.3	-6.5	-3.9
Private Finance	1.3	2.4	1.1	84.6
ESF Finance	105.6	99.5	-6.1	-5.8
Revenue Finance	2.4	2.2	-0.2	-8.3
Total	274.1	262.3	-11.8	-4.3
Priority 4				
Beneficiaries	38,787	35,551	-3,236	-8.3
Public Finance	29.9	26.9	-3.0	-10.0
Private Finance	0.4	0.6	0.2	50.0
ESF Finance	24.4	21.7	-2.7	11.1
Revenue Finance	0.2	0.1	-0.1	-50.0
Total	54.9	49.4	-5.5	-10.0

Source: Data files supplied by DfEE, Application and Final Claim Forms

Notes: Finance data are shown in millions of £

ANALYSIS BY MEASURE

A.7 Tables A.14-A.16 provide a summary of the destinations of completers across the three measures. There are a number of persons whose destination is unknown and these persons have been excluded from the analysis, although the total number is provided in the Table for information.

Table A.14
Completer Outcomes for Measure 1 (Vocational Access and Guidance)

1994	Priority 1		Priority 2		Priority 3		Priority 4	
	No.	%	No.	%	No.	%	No.	%
Employed	19,129	26.6	1,350	12.2	15,469	17.2	626	19.1
Educ.Train.	43,427	60.4	8,713	78.7	48,089	53.4	2,077	63.4
Unemployed	6,333	8.8	703	6.3	21,257	23.6	408	12.5
Other	2,979	4.1	306	2.8	5,293	5.9	165	5.0
Total	71,868	100.0	11,072	100.0	90,108	100.0	3,276	100.0
Not Known	438,822		3,392		502,717		1,418	

1995	Priority 1		Priority 2		Priority 3		Priority 4	
	No.	%	No.	%	No.	%	No.	%
Employed	9,721	10.9	2,092	13.8	11,803	13.7	2,013	30.8
Educ.Train.	54,227	61.0	9,395	62.1	37,750	43.8	2,981	45.6
Unemployed	24,901	28.0	3,641	24.1	36,693	42.5	1,538	23.5
Total	**88,849**	**100.0**	**15,128**	**100.0**	**86,246**	**100.0**	**6,532**	**100.0**
Not Known/ Other	455,684		7,492		419,519		2,862	

Source: Data provided by DfEE
Notes: The not knowns/others excluded from the above analysis

Table A.15
Completer Outcomes for Measure 2 (Training)

1994	Priority 1		Priority 2		Priority 3		Priority 4	
	No.	%	No.	%	No.	%	No.	%
Employed	21,038	33.0	19,126	53.0	10,368	30.9	3,160	38.3
Educ/Train.	13,912	21.8	8,960	24.8	12,619	37.6	3,288	39.9
Unemployed	23,360	36.7	5,512	15.3	6,719	20.0	1,370	16.6
Other	5,369	8.4	2,483	6.9	3,865	11.5	428	5.2
Total	**63,679**	**100.0**	**36,081**	**100.0**	**33,571**	**100.0**	**8,246**	**100.0**
Not Known	17,354		10,199		5,993		1,467	

1995	Priority 1		Priority 2		Priority 3		Priority 4	
	No.	%	No.	%	No.	%	No.	%
Employed	21,926	32.6	15,297	54.8	6,458	23.4	2,984	31.7
Educ/Tr.	12,624	18.7	7,486	26.8	10,631	38.4	3,132	33.3
Unemployed	32,803	48.7	5,151	18.4	10,561	38.2	3,293	35.0
Total	67,353	100.0	27,934	100.0	27,650	100.0	9,409	100.0
Not Known/ other	11,903		18,866		15,435		3,843	

Source: Data provided by DfEE
Notes: The not knowns/others are excluded from the above analysis

A.8 Under Measure 1, both priorities 1 and 3 have a significant number of completers for whom the destination is unknown. However, for the known completers, the majority of persons enter a further education or training course when they finish the project (the exception being those leaving Priority 3 and 4 projects in 1995).

A.9 Under Measure 2 (training) in 1994, priorities 2 and 4 have a high percentage of completers obtaining a positive outcome (finding employment or entering further education) - 77.8% and 78.2% respectively. The relevant figures for priorities 1 and 3 are 54.8% and 68.5% respectively.

A.10 In 1995, the percentage of persons obtaining a positive outcome ranges from almost 62% under Priority 3 to over 81% under Priority 2 for the Measure 2 projects. However, the balance between finding employment or entering further education or training is quite different across the priorities. Under Priority 2, almost 55% of completers find employment with a further 27% entering training. This is the only priority where the percentage of completers finding employment is higher than the percentage starting training

Table A.16

Completer Outcomes for Measure 3 (Direct Help in to Jobs)

1994	Priority 1		Priority 2		Priority 3		Priority 4 [1]	
	No.	%	No.	%	No.	%	No.	%
Employed	306	90.3	124	91.2	221	100		
Educ.Train.	17	5.0	0	0	0	0		
Unemployed	16	4.7	12	8.8	0	0		
Other	0		0	0	0	0		
Total	**339**	**100.0**	**136**	**100.0**	**221**	**100.0**		
Not Known	39		0					

1995	Priority 1		Priority 2		Priority 3		Priority 4	
	No.	%	No.	%	No.	%	No.	%
Employed	614	84.9	131	30.5	354	62.1	10	100
Educ.Train.	65	9.0	69	16.1	197	34.6	0	
Unemployed	44	6.1	229	53.4	19	3.3	0	
Total	723	100.0	429	100.0	570	100.0	10	100
Not Known/ Other	41		0		31		0	

Source: Data provided by DfEE

Notes: The not knowns/others are excluded from the above analysis

(1) There were no cases under this measure in 1994

A.11 Table A.16 shows the destination of persons on Measure 3 (direct help into jobs) projects. Not surprisingly, a very high proportion of persons completing these projects enter employment. The only exception was in 1995 under Priority 2 where the majority or persons completing a project were unemployed.

A.12 Tables A.17-A.19 provide a summary of the destinations of early leavers across the three measures. In general the percentage of an early leaver obtaining a positive outcome is much lower than for completers.

Table A.17

Early Leaver Outcomes for Measure 1 (Vocational Access and Guidance)

1994	Priority 1		Priority 2		Priority 3		Priority 4	
	No.	%	No.	%	No.	%	No.	%
Employed	128	39.0	69	27.1	243	21.7	44	54.3
Educ.Train.	56	17.1	46	18.0	169	15.1	5	6.2
Unemployed	106	32.3	92	36.1	350	31.2	20	24.7
Other	38	11.6	48	18.8	360	32.1	12	14.8
Total	**328**	**100.0**	**255**	**100.0**	**1,122**	**100.0**	**81**	**100.0**
Not Known	38,532		428		458		53	
1995	**Priority 1**		**Priority 2**		**Priority 3**		**Priority 4**	
	No.	%	No.	%	No.	%	No.	%
Employed	260	28.9	160	27.4	263	12.6	38	36.9
Educ.Train.	176	19.6	142	24.3	276	13.3	25	24.3
Unemployed	464	51.6	282	48.3	1,541	74.1	40	38.8
Total	**900**	**100.0**	**584**	**100.0**	**2,080**	**100.0**	**103**	**100.0**
Not Known/ Other	56,356		2,960		843		56	

Source: Data supplied by DfEE
Notes: The not knowns are excluded from the above analysis

A.13 The results show that a higher proportion of early leavers are unemployed than completers and a much lower proportion enter further education or training. The only exception is Priority 4 where 54% of early leavers in 1994 find employment and 37% in 1995. Again the results for Priority 1 may be distorted due to the very high number of "not knowns".

A.14 For Measure 2 (training), early leavers from Priority 2 projects are the most likely to obtain a positive outcome with almost 68% finding employment or entering further education or training in 1994. The equivalent figure for 1995 was 66.8%. Only 30% of early leavers under Priority 1 in 1994 obtained a positive outcome with the majority (56%) unemployed after leaving the project. The equivalent data for 1995 are 50.4% obtaining a positive outcome and 49.6% unemployed.

Table A.18
Early Leaver Outcomes for Measure 2, (Training)

1994	Priority 1		Priority 2		Priority 3		Priority 4	
	No.	%	No.	%	No.	%	No.	%
Employed	8,938	24.2	20,855	47.3	8,341	30.7	892	33.0
Educ/Train	2,286	6.2	9,016	20.5	5,887	21.7	348	12.9
Unemployed	20,674	56.0	10,410	23.6	10,055	37.1	1,049	38.8
Other	5,031	13.6	3,797	8.6	2,850	10.5	414	15.3
Total	**36,929**	**100.0**	**44,078**	**100.0**	**27,133**	**100.0**	**2,703**	**100.0**
Not Known	7,483		17,411		3,539		653	

1995	Priority 1		Priority 2		Priority 3		Priority 4	
	No.	%	No.	%	No.	%	No.	%
Employed	6,742	27.2	18,266	46.2	1,680	12.9	531	22.8
Educ/Train.	875	3.5	8,145	20.6	862	6.6	173	7.4
Unemployed	17,132	69.2	13,094	33.1	10,511	80.5	1,622	69.7
Total	**24,749**	**100.0**	**39,505**	**100.0**	**13,053**	**100.0**	**2,326**	**100.0**
Not Known	5,427		8,814		23,444		2,497	

Source: Data provided by DfEE

Notes: The not knowns are excluded from the above analysis

Table A.19
Early Leaver Outcomes for Measure 3 (Direct Help into Jobs)

1994	Priority 1		Priority 2		Priority 3		Priority 4 [1]	
	No.	%	No.	%	No.	%	No.	%
Employed	3	37.5	0	0	4	33.3		
Educ.Train.	0	0	0	0	0			
Unemployed	5	62.5	0	0	8	66.6		
Other	0	0	0	0				
Total	**8**	**100.0**	**0**	**0**	**12**	**100.0**		
Not Known	60		8		0			

1995	Priority 1		Priority 2		Priority 3		Priority 4	
	No.	%	No.	%	No.	%	No.	%
Employed	52	26.8	131	30.5	29	52.7	0	
Educ.Train.	5	2.6	69	16.1	7	12.7	0	
Unemployed	137	70.6	229	53.4	19	34.5	0	
Total	**194**	**100.0**	**429**	**100.0**	**55**	**100.0**	**0**	
Not Known/ Other	30		0		12		0	

Source: Data supplied by DfEE

Notes: The not knowns are excluded from the analysis

There were no cases under this priority in 1994

A.15 The results for Measure 3 are quite mixed for early leavers. Under priorities 2 and 4 there were no early leavers in 1994 with approximately 33-38% of the early leavers under priorities 1 and 3 entering employment. In 1995, the percentage of early leavers entering employment ranged from 27% (Priority 1) to 53% (Priority 3). Again there were no early leavers under Priority 4.

A.16 Table A.20 shows the number of completers by measure who obtained a qualification following the project.

Table A.20
Qualifications Obtained by Completers for Measure 2,

1994	Priority 1		Priority 2		Priority 3		Priority 4	
	No.	%	No.	%	No.	%	No.	%
Obtained Qualif.	47,544	61.4	29,215	66.0	25,155	65.6	7,416	80.8
No Qualif.	29,630	38.3	15,018	34.0	13,176	34.4	1,764	19.2
Missing[1]	270	0.3						
Total Known	**77,444**	**100.0**	**44,233**	**100.0**	**38,331**	**100.0**	**9,180**	**100.0**
Awaiting Results	3,589		2,047		1,233		533	

1995	Priority 1		Priority 2		Priority 3		Priority 4	
	No.	%	No.	%	No.	%	No.	%
Obtained Qualif.	45,989	65.1	36,774	81.9	24,575	60.5	9,171	76.1
No Qualif.	24,676	34.9	8,124	18.1	16,012	39.5	2,878	23.9
Missing[2]			4					
Total Known	70,665	100.0	44,898	100.0	40,587	100.0	12,049	100.0
Awaiting Results	8,590		1,898		2,498		1,203	

Source: Data provided by DfEE

Notes: Persons awaiting results are excluded from the analysis

(1) Data on Measure 312 qualifications does not add up to total completers
(2) Data on Measure 322 qualifications does not add up to total completers.

A.17 In 1994 61% of completers achieved a qualification under Priority 1 with 66% achieving a qualification under Priority 2. Over 80% of completers of Priority 4 training projects obtained a qualification.

A.18 Table A.21 shows the number of early leavers by measure who obtained a qualification following the project.

Table A.21
Qualifications Obtained by Early Leavers for Measure 2

1994	Priority 1		Priority 2		Priority 3		Priority 4	
	No.	%	No.	%	No.	%	No.	%
Obtained Qualif.	12,782	29.4	22,954	37.8	9,652	32.1	1,032	31.2
No Qualif.	30,757	70.6	37,704	62.1	20,413	67.9	2,275	68.8
Missing[1]			9	0.01				
Total Known	**43,539**	**100.0**	**60,667**	**100.0**	**30,065**	**100.0**	**3,307**	**100.0**
Awaiting Results	873		822		607		49	

1995	Priority 1		Priority 2		Priority 3		Priority 4	
	No.	%	No.	%	No.	%	No.	%
Obtained Qualif.	8,060	29.6	13,461	29.9	12,181	35.2	1,245	28.3
No Qualif.	19,198	70.4	31,592	70.1	22,380	64.8	3,151	71.2
Total Known	27,258	100.0	45,053	100.0	34,561	100.0	4,396	100.0
Awaiting Results	2,918		3,237		1,936		49	

Source: Data provided by DfEE

Notes: Persons awaiting results are excluded from the analysis.

(1) Data on Measure 312 qualifications does not add up to total completers

A.19 As might be expected, the proportion of early leavers across all priorities who obtained a qualification is significantly less than the completers. There is a marked difference across all the priorities in terms of the number of early leavers obtaining a qualification, with approximately 30% obtaining a qualification.

APPENDIX B

APPENDIX B: ECONOMETRIC ANALYSIS - METHODOLOGY

REGRESSION ANALYSIS

B.1 Regression analysis is a statistical technique used to analyse the effect of changes in an explanatory variable on a dependent variable or the variable we wish to explain. For example we may want to analyse wages with respect to education or work experience. In that case wages would be our dependent or explained variable and experience and education would be our explanatory variables. In other words we would be estimating:

* Wages = F (Experience, Education) where F implies 'is a function of'.

B.2 In many cases our dependent variable is a continuous variable in that it can take any value between + or - ∞. Wages, months of unemployment experience are just two examples. However, it is often the case that the phenomenon we wish to explain takes on a restricted value; for example if we wish to analyse the labour supply decision or employment status. Then in that case the dependent variable could only take on two possible values; 1 if the individual was observed in employment and 0 otherwise. It can not take on any other value.

B.3 As a result we need to adjust the technique of analysis. Traditional regression analysis used to analyse wages would involve what is called Ordinary Least Squares (OLS) regression. In the context of a binary dependent variable this would be incorrect and would lead to estimates or 'explanations' of labour supply out with the [1,0] interval. In order to confine the estimates to lie within this range we use a cumulative distribution function the most common being the normal distribution. However, it is awkward to work with and requires the use of normal tables to obtain probabilities which may not always be to hand. Thus a preferred distribution would be a logistic distribution which makes it relatively easy to calculate a probability. Regression analysis which uses the logistic distribution to confine values to [1,0] is called 'logistic regression'.

LOGISTIC REGRESSION

B.4 The phenomenon we wish to explain is employment status and qualification obtained. In that case we can write the problem as follows:

* employment status (1 **or** 0) = f (explanatory variables); and
* qualification gained (1 **or** 0) = f (explanatory variables).

B.5 Given that logistic regression is quite different to the normal method employed (OLS) the statistics used to indicate significance of relationships are also different. For the logistic regression the Wald statistic is quoted rather than a t statistic. This is because the underlying distribution is logistic and not the 'normal' distribution. Furthermore, the strength of association between the independent variables and the dependent variable is no longer measured by R^2 as for OLS regressions, but by the percentage correct prediction; i.e. what proportion of individuals were correctly predicted as being employed (1) or unemployed (0) by our independent or explanatory variables

INTERPRETATION OF THE COEFFICIENTS

B.6 The coefficients obtained from a logistic regression *cannot* be interpreted as probabilities. They simply indicate the *direction* and to a lesser extent the *strength* that a certain variable or factor has on the likelihood of being observed in employment as opposed to unemployment. Thus a positive coefficient in chapter 4 implies that this factor will improve the likelihood of being in employment and vice versa.

B.7 Given the above problem it is useful to construct a table of probabilities using the coefficients and the logistic distribution formula so that the impact of a variable can be assessed within a specific context. This is usually taken to be a control group probability i.e. a benchmark, which is calculated on the basis of all dummy explanatory variables being set to zero and all continuous explanatory variables set to their mean value. The coefficients are then multiplied by these characteristics to obtain a number which is then inserted into the following formula to give a probability:

* $\pi_i = \left(\frac{1}{1+e^{-x_i \beta}} \right)$ where π_i = probability of employment and $x_i \beta$ comes from the coefficients and characteristics.

B.8 The impact of each dummy independent variable can then be found by setting that particular variable equal to 1 (leaving everything else unchanged) and noting the effect this has on the control probability. It should be borne in mind that the effects are **relative** to the **default category** and are based on the coefficients of the model which may or may not accurately fit the data.

DUMMY VARIABLES

B.9 Dummy or binary variables can only take on one of two values. Usually this is 1 or 0. Often in regression analysis we may only have yes/no answers to questions or

questions which ask individuals their sex, marital status etc. These variables have to be incorporated into the analysis and they are inserted as dummy variables.

B.10 Suppose we have a variable M to capture an individual's gender:

* 1 if male
*M = 0 if female.

B.11 Thus M would be inserted into the regression and would pick up the effect of being male. It may also seem appropriate to pick up the effect of being female and to define an additional dummy variable to pick up this effect. This however, would be incorrect and is described as 'falling into the dummy variable trap'. The essence of the problem lies in the fact that the same information would be included twice leading to perfect collinearity between the two explanatory variables resulting in a breakdown of the regression process and an omission of the variables.

METHODOLOGY

B.12 For the analysis of employment status the dependent variable was defined as follows:

* 1 = if individual is employed
* 0 = if individual is not employed

and for the qualification attained analysis the dependent variable was defined as:

* 1 = if individual obtained a whole, part or credit towards an NVQ
* 0 = if the individual obtained no NVQ

B.13 Owing to a lack of cases for level of qualification gained it was decided that a better approach would be to reformulate the problem as above. This would utilise over 96,000 observations from all data sets compared to just 26,000 the vast majority of which would come from just one.

B.14 Given that the vast majority of the explanatory variables in our regressions are of the discrete type we did encounter a problem with large standard errors on some variables for both analyses. This is most often the case when the number of individuals in a category is quite small. For example when the regional controls were entered as 11 dummies (12 - 1), Wales and Merseyside as well as a training pathway had to be omitted on some occasions owing to small numbers in those categories resulting in a large standard error. A large standard error implies little variation in the variables concerned resulting in abnormally large coefficients implying that one of the other dummies has to be omitted. In effect we have perfect collinearity if all the original variables are left in.

The Models in Detail

Table B1 Employment Status Regression for Total Sample			
Variable	**Coefficient**	**Standard Error**	**Wald**
language difficulties	-0.60	0.12	26.67***
black african	-0.47	0.21	5.15**
black Caribbean	-0.33	0.14	5.23**
black other	-0.36	0.25	2.07
indian	-0.13	0.11	1.29
pakistan	-0.66	0.17	15.69***
bangladesh	-0.31	0.25	1.54
ethnicity not stated	-0.01	0.02	0.10
chinese	-0.23	0.47	0.24
other ethnicity	-0.39	0.14	7.40***
early leaver	-0.22	0.02	93.79***
London	0.24	0.05	23.24***
Eastern	0.17	0.05	13.11***
Southwest	-0.01	0.05	0.02
West Midlands	0.44	0.05	94.31***
East Midlands	0.74	0.04	284.57**
Yorks&Humberside	0.42	0.04	92.85***
North East	0.04	0.05	0.72
North West	0.43	0.04	92.15***
whole NVQ	0.05	0.02	5.55**
part NVQ	0.26	0.06	22.27***
credit to NVQ	-0.07	0.04	2.49
male	-0.39	0.02	364.01***
health problems	-0.63	0.04	205.16***
ue312 (unemployed)	0.05	0.14	0.13
db332 (Disabled)	0.17	0.17	0.94
es332 (English as a second language)	-1.01	0.19	27.34***
ln332 (Literacy/Numeracy	-0.13	0.15	0.77
ic332 (Inner Cities)	-0.05	0.15	0.13
eo342 (Equal Opportunities)	-0.25	0.18	2.00
aged between 16 and 25 years	0.21	0.04	23.15***
aged between 26 and 35 years	0.09	0.04	5.20**
aged between 36 and 47 years	-0.05	0.05	1.02
aged over 60 years	0.32	0.23	1.90
length of course between 0 and 12 months	-2.70	0.04	4337.81***
length of course between 13 and 24 months	-1.29	0.04	1237.26***
Constant	0.37	0.16	5.63**
% Correct prediction	86		

** Significant at 5% *** Significant at 1%

Table B2 Employment Status Regression for Female Sample			
Variable	**Coefficient**	**Standard Error**	**Wald**
language difficulties	-0.44	0.16	7.84***
black african	-0.24	0.28	0.74
black Caribbean	-0.37	0.21	3.10
black other	-0.52	0.37	1.93
indian	-0.17	0.17	1.07
pakistan	-0.81	0.26	9.90***
bangladesh	-0.45	0.34	1.73
ethnicity not stated	0.03	0.04	0.55
chinese	-0.59	0.73	0.64
other ethnicity	-0.26	0.20	1.60
early leaver	-0.18	0.03	30.09***
London	0.01	0.08	0.04
Eastern	0.10	0.07	1.94
Southwest	0.05	0.07	0.38
West Midlands	0.45	0.07	43.24***
East Midlands	0.68	0.07	101.55***
Yorks&Humberside	0.53	0.07	63.71***
North East	0.22	0.07	9.29***
North West	0.42	0.07	38.02***
whole NVQ	0.25	0.04	48.77***
part NVQ	0.21	0.09	5.00**
credit to NVQ	0.08	0.06	1.73
health problems	-0.73	0.07	112.40***
ue312 (unemployed)	0.20	0.15	1.76
db332 (Disabled)	0.30	0.21	2.05
es332 (English as a second language)	-0.99	0.25	14.45***
ln332 (Literacy/Numeracy	-0.06	0.16	0.15
ic332 (Inner Cities)	-0.01	0.16	0.01
eo342 (Equal Opportunities)	-0.42	0.25	2.88
aged between 16 and 25 years	0.01	0.07	0.01
aged between 26 and 35 years	0.03	0.06	0.20
aged between 36 and 47 years	-0.34	0.09	14.39***
aged over 60 years	-0.35	0.79	0.19
length of course between 0 and 12 months	-2.37	0.06	1356.59***
length of course between 13 and 24 months	-0.94	0.06	266.12***
Constant	0.01	0.17	0.03
% Correct prediction	82		

** Significant at 5% *** Significant at 1%

Table B3 Employment Status Regression for Male Sample			
Variable	**Coefficient**	**Standard Error**	**Wald**
language difficulties	-0.80	0.17	21.06***
black african	-0.70	0.30	5.32**
black Caribbean	-0.28	0.19	2.04
black other	-0.21	0.33	0.39
indian	-0.08	0.16	0.27
pakistan	-0.52	0.22	5.64**
bangladesh	-0.01	0.35	0.001
ethnicity not stated	-0.05	0.03	2.23
chinese	0.13	0.61	0.05
other ethnicity	-0.51	0.20	6.37**
early leaver	-0.23	0.03	61.54***
London	0.39	0.07	35.94***
Eastern	0.25	0.06	14.04***
Southwest	-0.04	0.07	0.34
West Midlands	0.44	0.06	52.83***
East Midlands	0.80	0.06	187.45***
Yorks&Humberside	0.35	0.06	37.26***
North East	-0.09	0.06	1.97
North West	0.45	0.06	57.02***
whole NVQ	-0.08	0.03	6.31**
part NVQ	0.28	0.07	16.40***
credit to NVQ	-0.15	0.06	7.85***
health problems	-0.56	0.06	95.36***
ue312 (unemployed)	0.17	0.12	1.91
db332 (Disabled)	0.27	0.18	2.41
es332 (English as a second language)	-0.84	0.20	17.70***
ln332 (Literacy/Numeracy	0.01	0.12	0.01
ic332 (Inner Cities)	0.13	0.12	1.22
aged between 16 and 25 years	0.33	0.06	34.88***
aged between 26 and 35 years	0.14	0.05	7.85***
aged between 36 and 47 years	0.09	0.06	2.31
aged over 60 years	0.45	0.24	3.34
length of course between 0 and 12 months	-2.86	0.05	2888.12***
length of course between 13 and 24 months	-1.50	0.05	984.35***
Constant	-0.02	0.15	0.02
% Correct prediction	88		

* Significant at 5%

** Significant at 1%

Table B4 Qualification Gained Regression for Total Sample			
Variable	**Coefficient**	**Standard Error**	**Wald**
language difficulties	0.15	0.06	6.60**
black african	0.09	0.11	0.62
black Caribbean	0.10	0.08	1.43
black other	0.08	0.14	0.35
indian	-0.03	0.07	0.14
pakistan	-0.22	0.08	6.85***
bangladesh	-0.29	0.14	4.16**
ethnicity not stated	0.25	0.02	267.71***
chinese	0.33	0.25	1.79
other ethnicity	-0.05	0.08	0.43
early leaver	-1.11	0.02	5054.76***
London	-0.19	0.03	32.97***
Mersey	0.07	0.62	0.01
Eastern	0.43	0.03	191.40***
Southwest	0.18	0.03	31.89***
West Midlands	0.05	0.03	2.81
East Midlands	-0.01	0.03	0.10
Yorks&Humberside	0.12	0.03	18.50***
North East	0.07	0.03	4.87**
North West	-0.04	0.03	2.14
Male	-0.16	0.02	111.22***
health problems	-0.06	0.03	5.61**
ue312 (unemployed)	0.19	0.10	3.92**
db332 (Disabled)	0.27	0.11	5.92**
es332 (English as a second language)	-0.10	0.12	0.69
ln332 (Literacy/Numeracy	0.32	0.10	9.98***
ic332 (Inner Cities)	0.26	0.10	6.92***
eo342 (Equal Opportunities)	0.52	0.11	20.95***
aged between 16 and 25 years	-0.19	0.03	46.50***
aged between 26 and 35 years	-0.05	0.02	3.81**
aged between 36 and 47 years	-0.08	0.03	8.41***
aged over 60 years	-0.23	0.15	2.23
length of course between 0 and 12 months	-0.44	0.04	153.85***
length of course between 13 and 24 months	1.11	0.04	941.16***
Constant	0.19	0.11	3.35
% Correct prediction	66		

** Significant at 5%
*** Significant at 1%

Table B5 Qualification Gained Regression for Female Sample			
Variable	**Coefficient**	**Standard Error**	**Wald**
language difficulties	0.12	0.10	1.60
black african	0.53	0.16	10.78***
black Caribbean	0.14	0.13	1.17
black other	0.28	0.21	1.83
indian	0.10	0.11	0.74
pakistan	-0.11	0.14	0.65
bangladesh	-0.28	0.21	1.77
ethnicity not stated	0.44	0.03	269.69***
chinese	0.03	0.37	0.01
other ethnicity	0.09	0.12	0.55
early leaver	-1.15	0.03	1909.82***
London	-0.15	0.05	8.14**
Eastern	0.33	0.05	37.99***
Southwest	0.06	0.05	1.47
West Midlands	0.07	0.05	1.79
East Midlands	-0.05	0.05	0.76
Yorks&Humberside	0.09	0.05	2.91
North East	0.002	0.06	0.003
North West	-0.12	0.05	4.95**
health problems	-0.13	0.05	8.11***
ue312 (unemployed)	0.15	0.10	2.14
db332 (Disabled)	0.21	0.14	2.28
es332 (English as a second language)	-0.11	0.15	0.53
ln332 (Literacy/Numeracy	0.22	0.11	4.04**
ic332 (Inner Cities)	0.23	0.11	4.62**
eo342 (Equal Opportunities)	-0.33	0.16	4.37**
aged between 16 and 25 years	-0.22	0.05	19.49***
aged between 26 and 35 years	-0.10	0.05	5.21**
aged between 36 and 47 years	-0.07	0.06	1.34
aged over 60 years	-0.11	0.54	0.04
length of course between 0 and 12 months	-0.76	0.06	163.17***
length of course between 13 and 24 months	0.89	0.06	211.82***
Constant	0.53	0.13	17.65***
% Correct prediction	69		

* Significant at 5%
** Significant at 1%

Table B6 Qualification Gained Regression for Male Sample			
Variable	**Coefficient**	**Standard Error**	**Wald**
language difficulties	0.17	0.08	4.50**
black african	-0.23	0.15	2.40
black Caribbean	0.09	0.11	0.64
black other	-0.02	0.20	0.01
indian	-0.09	0.10	0.94
pakistan	-0.28	0.11	6.71**
bangladesh	-0.25	0.20	1.69
ethnicity not stated	0.16	0.02	68.25***
chinese	0.71	0.36	3.88**
other ethnicity	-0.12	0.10	1.52
early leaver	-1.09	0.02	3142.80***
London	-0.21	0.04	25.70***
Eastern	0.49	0.04	156.92***
Southwest	0.24	0.04	37.95
West Midlands	0.04	0.04	1.11
East Midlands	0.01	0.04	0.13
Yorks&Humberside	0.15	0.04	18.09***
North East	0.11	0.04	7.48***
North West	-0.003	0.04	0.01
health problems	-0.03	0.03	0.75
ue312 (unemployed)	-0.59	0.07	73.48***
db332 (Disabled)	-0.51	0.10	27.54***
es332 (English as a second language)	-0.90	0.11	68.69***
ln332 (Literacy/Numeracy	-0.42	0.07	34.33***
ic332 (Inner Cities)	-0.52	0.07	56.65***
aged between 16 and 25 years	-0.17	0.03	24.77***
aged between 26 and 35 years	-0.03	0.03	1.07
aged between 36 and 47 years	-0.09	0.03	7.67***
aged over 60 years	-0.29	0.16	3.25
length of course between 0 and 12 months	-0.24	0.04	30.49***
length of course between 13 and 24 months	1.20	0.05	698.35***
Constant	0.65	0.09	52.34***
% Correct prediction	65		

* Significant at 5%

** Significant at 1%

Table B7 Magnitude of Effect Employment Status (Female Sample)	
Variable	**Effect on Probability**
language difficulties	-0.11
black African	-0.06
black Caribbean	-0.09
black other	-0.13
Indian	-0.04
Pakistan	-0.20
Bangladesh	-0.11
ethnicity not stated	0.01
Chinese	-0.15
other ethnicity	-0.06
early leaver	-0.05
London	neg
Eastern	0.02
Southwest	0.01
West Midlands	0.11
East Midlands	0.15
Yorks&Humberside	0.12
North East	0.05
North West	0.10
whole NVQ	-0.06
part NVQ	-0.01
credit to NVQ	-0.04
health problems	-0.18
ue312 (unemployed)	0.05
db332 (disabled)	0.07
es332 (English second language)	-0.24
ln332 (literacy, numeracy)	-0.02
ic332 (inner cities)	neg
eo342 (equal opportunities)	-0.10
aged between 16 and 25 years	neg
aged between 26 and 35 years	0.01
aged between 36 and 47 years	-0.09
aged over 60 years	-0.09
length of course between 0 and 12 months	-0.46
length of course between 13 and 24 months	-0.23
Control Probability of Employment	0.56
Note: All figures are probabilities	

Table B8 Magnitude of Effect Employment Status (Male Sample)	
Variable	**Effect on Probability**
language difficulties	-0.19
black African	-0.16
black Caribbean	-0.07
black other	-0.05
Indian	-0.02
Pakistan	-0.13
Bangladesh	-0.003
ethnicity not stated	-0.01
Chinese	0.03
other ethnicity	-0.12
early leaver	-0.06
London	-0.10
Eastern	0.06
Southwest	-0.01
West Midlands	0.11
East Midlands	0.19
Yorks&Humberside	0.09
North East	-0.02
North West	0.11
whole NVQ	0.02
part NVQ	0.09
credit to NVQ	-0.02
health problems	-0.13
ue312 (unemployed)	0.04
db332 (disabled)	0.07
es332 (English second language)	-0.19
In332 (literacy, numeracy)	neg
ic332 (inner cities)	0.03
eo342 (equal opportunities)	0.08
aged between 16 and 25 years	0.03
aged between 26 and 35 years	0.02
aged between 36 and 47 years	0.11
aged over 60 years	-0.43
length of course between 0 and 12 months	-0.31
length of course between 13 and 24 months	
Control Probability of Employment	0.48
Note: All figures are probabilities	

Table B9 Magnitude of Effect Qualification Gained (Female Sample)	
Variable	**Effect on Probability**
language difficulties	0.03
black African	0.11
black Caribbean	0.03
black other	0.06
Indian	0.02
Pakistan	-0.03
Bangladesh	-0.07
ethnicity not stated	0.10
Chinese	0.01
other ethnicity	0.02
London	-0.04
Eastern	0.07
Southwest	0.01
West Midlands	0.02
East Midlands	-0.01
Yorks&Humberside	0.02
North East	neg
North West	-0.03
health problems	-0.03
ue312 (unemployed)	0.03
db332 (disabled)	0.05
es332 (English second language)	-0.03
ln332 (literacy, numeracy)	0.05
ic332 (inner cities)	0.05
eo342 (equal opportun.)	-0.08
aged between 16 and 25 years	-0.05
aged between 26 and 35 years	-0.02
aged between 36 and 47 years	-0.02
aged over 60 years	-0.03
length of course between 0 and 12 months	-0.19
length of course between 13 and 24 months	0.18
Control Probability of Gaining Qualification	0.63
Note: All figures are probabilities	

Table B10 Magnitude of Effect Qualification Gained (Male Sample)	
Variable	**Effect on Probability**
language difficulties	0.04
black African	-0.05
black Caribbean	0.02
black other	-0.004
Indian	-0.02
Pakistan	-0.06
Bangladesh	-0.06
ethnicity not stated	0.03
Chinese	0.14
other ethnicity	-0.03
London	-0.05
Eastern	0.10
Southwest	0.05
West Midlands	0.01
East Midlands	0.003
Yorks&Humberside	0.03
North East	0.02
North West	neg
health problems	-0.01
ue312 (unemployed)	-0.14
db332 (disabled)	-0.12
es332 (English second language)	-0.22
ln332 (literacy, numeracy)	-0.10
ic332 (inner cities)	-0.12
aged between 16 and 25 years	-0.04
aged between 26 and 35 years	-0.01
aged between 36 and 47 years	-0.02
aged over 60 years	-0.07
length of course between 0 and 12 months	-0.06
length of course between 13 and 24 months	0.21
Control Probability of Gaining Qualification	0.66
Note: All figures are probabilities	

APPENDIX C

APPENDIX C: SURVEY RESULTS

This Appendix sets out the results of the survey of 233 completers and 177 early leavers conduted by Swift Research. All respondents attended a Measure 2 (training) project and the results have been weighted to reflect the Governemnt: Non-Government allocation of funds across projects. The reponse rate of the survey was 33%.

Table C.1
Sex of Respondents

	Completers		Early Leavers	
	No.	%	No.	%
Males	138	59.2	103	58.2
Females	95	40.8	74	41.8
Total	233	100.0	177	100.0

Table C.2
Long-Term Health Problem or Disability that Affects the kind of work you can do

	Completers		Early Leavers	
	No.	%	No.	%
Yes	50	21.6	41	23.3
No	183	78.4	136	76.7

Table C.3
Ethnic Group

	Completers		Early Leavers	
	No.	%	No.	%
White	203	87.1	161	91.0
Black - Caribbean	7	3.0	2	1.1
Black - African	1	0.4	3	1.6
Black - Other	1	0.4	1	0.4
Indian	10	4.3	4	2.4
Pakistani	4	1.7	2	1.1
Bangladeshi	2	0.9	2	1.1
Other	3	1.3	2	1.1
Prefer not to say	2	0.9	-	-

Table C.4 First Language				
	Completers		Early Leavers	
	No.	%	No.	%
English	214	91.8	165	93.3
Bengali	1	0.4	2	1.1
Chinese	0	0.0	0	0.0
Gaelic	0	0.0	0	0.0
Greek	0	0.0	1	0.4
Gujerati	6	2.6	1	0.4
Hindi	2	0.9	0	0.0
Punjabi	3	1.3	4	2.3
Turkish	0	0.0	0	0.0
Urdu	1	0.4	2	1.1
Vietnamese	0	0.0	0	0.0
Welsh	0	0.0	0	0.0
Other	4	1.7	1	0.4
Don't Know	2	0.9	1	0.4

Table C.5 Able to undertake specific skills				
	Completers		Early Leavers	
	Yes	No	Yes	No
Follow simple written	226	6	173	2
instructions	223	10	164	12
Do mental airthmetic	225	6	169	4
Find address in A-Z	62	171	53	123
Speak a foreign language	58	174	45	129
Read/write foreign language				

Table C.6 Employment Status Prior to Project (%)				
	Completers		Early Leavers	
	2 years prior	Immediately prior	2 years prior	Immediately prior
Self employed	1.7	0.0	0.6	0.0
FT employ. perm.	12.4	6.9	13.6	6.8
FT employ. temp.	1.3	1.3	1.2	0.6
PT employ.perm.	4.7	3.4	2.3	2.8
PT employ. temp.	2.1	3.4	3.4	4.5
Less 1 month unemp.	0.9	1.3	0.6	3.4
Less 6 mon. unemp.	0.9	3.9	0.6	5.1
6-12 months unemp.	6.0	8.6	6.8	9.6
More 12 mon. unemp.	21.0	24.0	25.4	28.2
FT training/educ.	32.0	24.9	23.7	16.4
PT training/educ.	3.9	1.7	2.1	2.3
Not working	11.6	18.0	10.7	11.9
Other	1.3	1.7	8.2	8.2
Not availablc	0.0	0.9	0.6	0.6

Table C.7 Industry Last Job In				
	Completers		Early Leavers	
	No.	%	No.	%
Energy and water	3	1.7	4	2.5
Metal goods etc	12	6.7	12	8.4
Other manuf.	21	11.9	11	7.6
Construction	11	6.1	12	8.4
Dist./hotels etc	20	11.5	19	12.9
Transport/comm.	15	8.6	7	4.9
Banking/fmance	7	4.3	1	1.0
Other services	23	13.1	28	18.6
Unemp./sickness	10	5.6	9	5.9
Other	7	3.9	6	3.7
Don't know	46	26.5	38	25.9

Table C.8 Any Qualifications Prior to Project				
	Completers		Early Leavers	
	No.	%	No.	%
Yes	163	70.1	112	63.3
No	70	29.9	65	36.7

Table C.10 Household Arrangements				
	Completers		Early Leavers	
	No.	%	No.	%
Single, no children	134	57.5	87	49.2
Single, respons. children	15	6.3	22	12.4
Single, respons. elderly	2	0.9	2	1.1
Couple, no children	17	7.4	16	9.0
Couple, respons. children	49	21.0	38	21.5
Couple, respons. elderly	0	0.0	0	0.0
Couple, partner respons. children	9	3.8	6	3.4
Couple, partner respons. elderly	0	0.0	0	0.0
Not Available	7	3.1	6	3.4

Table C.9
Qualifications Prior to Starting Project (Full or Part)

	Completers		Early Leavers	
	No.	%	No.	%
NVQ/SVQ Level 1	6	3.7	4	3.6
Level 2	6	3.7	4	3.6
Level 3	1	0.6		
Level 4				
Level 5				
GNVQ Foundation	1	0.6		
Intermediate	1	0.6		
Advanced				
City & Guilds Word/number power	1	0.6	1	0.9
Level 1/Part 1	12	7.4	9	8.0
Level 2/Part 2	6	3.7	4	3.6
Level 3/Part 3	6	3.7	2	1.8
Part 4	3	1.8		
RSA Vocational Certificate	13	8.0	9	8.0
Diploma	4	3.0		
Advanced Diploma				
Higher Diploma	1	0.6		
BTEC/SCOTVEC				
First Certificat/Diploma	3	1.8	2	1.8
National Certificate/Diploma	5	3.1	3	2.7
Higher Nat. Certificate/Diploma	3	1.8	1	0.9
Other	1	0.6	1	0.9
GCSE 5+ GCSE's (Grades A-C)	50	30.7	27	24.0
3+ GCSE's (Any Grade)	47	28.8	30	26.8
1+ A Level	14	8.6	9	8.4
2+ AS Level	6	3.7	1	0.9
SCE 5 Stnd.Grade (1-4), O Grades(1-3)	5	3.1	4	3.6
3 Standard/O Grades (Any Grade)	7	4.3	3	2.7
3+ Highers (Grade A-C)	2	1.2	1	0.9
2+ Highers (Grade A-C)	1	06		
Other	39	23.9	28	25.0
Total Respondents	163		112	

Note that survey repondents could give multiple answers. Percentages are based on the actual number of respondents.

Table C.11
Duration of Project

	Completers		Early Leavers	
	No.	%	No.	%
1-13 weeks	45	19.3	25	14.1
14-26 weeks	38	16.3	38	21.5
26-52 weeks	76	32.6	62	35.0
52-104 weeks	47	20.2	26	14.7
104+ weeks	10	4.3	4	2.3
Not available	17	7.3	22	12.4

Table C.12
What was Done on the Project

	Completers		Early Leavers	
	No.	%	No.	%
Guidance/leadership	55	23.6	33	18.6
Training	145	62.3	118	66.6
Work experience	25	10.6	20	11.3
Not available	8	3.6	6	3.4

Table C.13
Attended an Integrated Project

	Completers		Early Leavers	
	No.	%	No.	%
Yes	112	48.2	61	34.6
No	112	48.2	112	63.2
Not available	9	3.3	4	2.1

Table C.14
Assistance Provided by the Course

	Completers		Early Leavers	
	Yes	No	Yes	No
Reading skills	32	79	12	49
Arithmetic skills	38	73	13	48

Table C.15
Where Respondent found out about Course

	Completers		Early Leavers	
	No.	%	No.	%
Job centre	79	33.9	71	40.1
Advertisement (local press)	33	14.2	15	8.5
Advertisement (nat. press)	3	1.3	1	0.6
Library	1	0.4	3	1.7
Local college	27	11.6	25	14.1
TEC/LEC	1	0.4	0	0.0
Word of mouth	30	12.8	24	13.6
Careers service	32	13.7	22	12.4
Other	25	10.7	16	9.4
Not available	7	0.9	0	0.0

Table C.16
Main Reason for Going on Course

	Completers		Early Leavers	
	No.	%	No.	%
Interested in course	16	6.9	14	7.7
Improve skills	25	10.7	16	9.2
Gain work experience	21	9.0	9	5.4
Improve job prospects	68	29.2	44	24.8
Improve confid/social skills	4	1.8	4	2.0
Learn new skills	45	19.2	20	11.3
Finish education/training	10	4.3	6	3.6
Further qualifications	26	11.0	33	18.7
Job Centre insisted	12	5.3	10	5.8
Able to work, train, earn money	3	1.2	1	0.4
Better than nothing/ boredom	7	2.9	10	5.7
Wanted to work in this field	16	6.8	19	10.5
Other	10	4.2	4	2.4
Don't know	10	4.3	8	4.5

Note: Some respondents have given more than one answer. Percentages are based on the actual number of respondents

Table C.17
Consider Another Course

	Completers		Early Leavers	
	No.	%	No.	%
Yes	54	23.0	38	21.5
No	174	74.8	136	76.8
Not Avalable	5	2.2	3	1.7

Table C.18
Reason for Selecting Chosen Course

	Completers		Early Leavers	
	No.	%	No.	%
Met needs most closely	33	61.7	24	63.4
Better Location	2	3.5	1	4.0
Only one with places	4	7.3	2	6.0
Other	9	16.7	10	26.7
Don't know	5	9.1	1	2.0
No Choice	1	1.7	1	2.0

Notes: Responses for those answering yes in Table C.17

Table C.19
What Would Have Been Done If Not on Course

	Completers		Early Leavers	
	No.	%	No.	%
Another course	87	37.4	63	35.5
Waited for place on course you went on	27	11.6	9	5.4
Continued with same employment	18	7.7	13	7.5
Unemployed, looking for work	72	30.9	70	39.5
Unemployed, not looking for work	9	3.8	6	3.1
Other	8	3.4	5	2.8
Don't know	12	5.2	11	6.1

Table C.20
Support While on Course

	Completers		Early Leavers	
	No.	%	No.	%
By parents	32	13.8	13	7.3
By partner	18	7.5	19	10.7
Working	33	14.0	22	12.2
Used savings	4	1.8	3	1.7
Claining benefit	107	46.0	91	51.5
Grant	24	10.4	5	2.8
Other	3	1.2	7	4.0
YTS bonus schemes	11	4.8	17	9.6
Refused	1	0.5	0	0.0

Table C.21
Highest Qualification Gained from the Project, Full

	Completers		Early Leavers	
	No.	%	No.	%
NVQ/SVQ Level 1	25	10.7	9	6.3
Level 2	49	21.0	7	4.0
Level 3	17	7.3		
Level 4	2	0.9		
Level 5	1	0.4		
GNVQ Foundation	4	1.7	1	0.6
Intermediate	2	0.9	2	1.1
Advanced	4	1.7		
City & Guilds Word/number power	7	3.0	1	0.6
Level 1/Part 1	14	6.0	4	2.4
Level 2/Part 2	19	8.2	5	2.8
Level 3/Part 3	5	2.1	1	0.6
Part 4	1	0.4		
RSA Vocational Certificate	10	4.3	4	2.3
Diploma	4	1.7		
Advanced Diploma	2	0.9		
Higher Diploma	1	0.4		
BTEC/SCOTVEC				
First Certificat/Diploma	8	3.4		
National Certificate/Diploma	8	3.4	1	0.6
Higher Nat. Certificate/Diploma	5	2.1		
Other	2	0.9	2	1.1
GCSE 5+ GCSE's (Grades A-C)				
3+ GCSE's (Any Grade)	1	0.9		
1+ A Level				
2+ AS Level				
SCE 5 Stnd.Grade (1-4), O Grades(1-3)	1	0.9		
3 Standard/O Grades (Any Grade)				
3+ Highers (Grade A-C)				
2+ Highers (Grade A-C)				

Table C.22
Employment Status Following Project, %

	Completers			Early Leavers		
	Immediately	**6 months**	**18 months**	**Immediatley**	**6 months**	**18 months**
Self-employed	2.6	2.1	3.0	2.3	2.3	1.7
FT employment perm.	21.9	28.8	40.0	24.9	26.6	31.6
FT employment temp.	5.2	6.9	4.7	4.5	6.8	1.7
PT employment perm.	4.7	8.2	10.3	4.0	7.9	4.0
PT employment temp.	1.3	2.6	1.7	3.4	2.8	4.5
Reg. unemp.	33.5			35.0	31.1	
< 1 month		10.3				
1-6 months		11.2	3.0			8.5
6-12 months			0.9			4.0
12+ months			10.7			20.3
FT training/education	9.0	9.9	7.7	2.3	2.3	1.7
PT training/education	1.7	2.1	2.1	2.3	4.0	1.1
Not working	18.9	16.7	15.0	17.5	13.0	18.1
Other	1.3	1.3	0.9	4.0	3.4	2.8

Notes: Confidence Intervals are shown in Table C.32

Table C.23 Approximate Weekly Earnings (%)						
	Completers			Early Leavers		
	Immed.	6 months	18 months	Immed.	6 months	18 months
Less than £100	41.9	36.0	27.5	47.8	41.3	25.4
£100-£200	41.9	47.0	48.9	34.8	41.3	56.7
£200-£300	13.5	15.0	14.5	13.0	16.0	14.9
£300+	2.7	3.0	3.1	4.3	2.7	3.0

Table C.24 Hours Worked Per Week (%)						
	Completers			Early Leavers		
	Immed.	6 months	18 months	Immed.	6 months	18 months
Less 20	15.2	15.2	17.3	14.3	17.6	9.9
20-30	7.6	11.4	9.4	11.4	6.8	12.7
30-40	69.6	63.8	63.0	60.0	70.3	73.2
40	7.6	9.5	10.2	14.3	5.4	4.2

Table C.25 Description of Time Since Project, (%)				
	Completers		Early Leavers	
	1-6 months	1-18 months	1-6 months	1-18 months
Continuous self employ.	1.7	1.7	2.0	0.8
Mainly self employ.	1.7	1.7	0.4	0.4
Cont. FT employ.	26.9	29.7	28.9	23.9
Cont. PT employ.	9.4	8.0	9.9	6.3
Mainly emp., periods unemp.	6.8	11.3	4.5	10.6
Mainly unemp., periods emp.	2.5	8.1	0.8	7.8
FT education	7.4	6.2	0.8	1.6
PT education	2.2	0.4	3.9	2.7
Unemployed, seeking work	28.1	13.1	36.7	26.7
Training course/unemp.	4.4	7.9	0.4	2.5
Sick.unable to work	3.4	2.6	5.4	5.7
Child rearing	4.6	3.8	5.0	6.0
Other	1.0	5.5	1.3	5.1

Table C.26
Importance of Course in Achieving Job/Training

	Completers		Early Leavers	
	No.	%	No.	%
Very Important	82	43.7	21	18.6
Quite Important	57	30.4	32	28.6
Not Important	45	23.8	58	52.1
Not Available	4	2.1	1	0.7
Total	188	100.0	112	100.0

Notes: The reponses relate to all people who have been in employment or training since leaving the course.

Table C.27
Gained Any Other Benefits from Course

	Completers		Early Leaver	
	No.	%	No.	%
Yes	106	45.6	41	23.2
No	127	54.4	136	76.8

Table C.28
Description of Benefits Gained

	Completers		Early Leavers	
	No.	%	No.	%
Interested in course	2	1.9		
Improve skills	4	3.8	1	2.4
Work experience	6	5.7	4	9.8
Improve job prospects	11	10.4	2	4.9
Improve confid/social skills	40	37.7	17	41.5
Learnt new skills	35	33.0	13	31.7
Got qualifiaction	10	9.4	2	48.8
Needed qualifications for job	2	18.9		
Other	12	11.3	4	9.8
Total Respondents	106		41	

Note that multiple answers were possible. Percentages based on actual number of respondents

Table C.29
Assessment of the Quality of the Course (%)

	Completers		Early Leavers	
	Good/Very Good	Poor/Very Poor	Good/Very Good	Poor/Very Poor
Course organisation	67	8	43	24
Content	73	9	45	24
Relevance to needs	66	13	47	33
Enhancing skills	75	12	44	31
Support services	58	23	29	40

Table C.30 Main Reasons for Leaving Project Early		
	No.	%
Full-time Employment	38	21.5
Part-time Employment	12	6.7
Started Own Business/Self-Employment	3	1.7
Started Different Training Course	6	3.4
Not What Was Expected	43	24.5
Financial Problems	14	8.1
Domestic Problems	13	7.9
Health Reason	18	10.0
Asked to Leave/Failed	8	4.5
Course Stopped	10	5.6
Other	19	10.7
No Response	2	1.1

Note Some multiple answers were given. Percetnages based on number of respondents.

Table C.31 Obtain any Qualifications from the Project		
	No.	%
Yes	45	25.6
No	132	74.4

Table C.32
95% Confidence Intervals (Lower and Upper Bounds)

	Completers			Early Leavers		
	Immediate	**6 Months**	**18 Months**	**Immediate**	**6 Months**	**18 Months**
Self Employed	0.006, 0.05	0.003, 0.04	0.01, 0.05	0.001, 0.05	0.001, 0.05	-0.002, 0.04
Employed	0.27, 0.39	0.40, 0.53	0.50, 0.63	0.30, 0.44	0.37, 0.51	0.35, 0.49
Unemployed	0.27, 0.40	0.16, 0.27	0.17, 0.28	0.28, 0.42	0.24, 0.38	0.26, 0.40
Education/Training	0.07, 0.15	0.08, 0.16	0.06, 0.14	0.02, 0.08	0.03, 0.10	0.004, 0.05

APPENDIX D

APPENDIX D: OBJECTIVE 3 SECTOR LIST

Central Covernment:	England Scotland Wales Gibraltar
Local Authorities:	England Scotland Wales
Further Education:	England Scotland Wales

Higher Education.

National Council for Voluntary Organisations.

Scottish Council for Voluntary Organisations.

Welsh Council for Voluntary Action.

Industrial Common Ownership Movement.

Womens Training Network.

National Council of Industrial Training Organisations.

Training and Enterprise Councils.

Local Enterprise Companies.

Department for
Education and Employment

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